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ABSTRACT

This serial is in four sections. Part 1--Features: "American Social Policy"; "A Generational Perspective on Young Adults"; "Rising Income Inequality and Poverty"; "A Victim of Policy Neglect? 'Wealth Inequality'"; "Balancing Growth with Economic Equality"; "Economic Inequality: 'A Comparative View'"; Part 2--Commentary: "The Commentaries of a Panel of Experts on Youth Development, Education, Training, and Employment Policies and Programs" (David Brown, Gary Burtless, Susan Curnan, Andrew Hahn, Robert Ivry, Chris King, Gary Walker and Alan Zuckerman); Part 3: Interview--"An Interview with William Julius Wilson". Part 4 is divided into 3 sections--Evaluation Issues and Activities--International Perspectives on Youth Issues-"An Overview of Research on International Youth Issues"; "Youth Training";-The Performance Measurement Movement-Performance" Measurement and Continuous Quality Improvement"; "Challenges in Developing Performance Measures and Standards: 'The Case of Educational Skills'"; "Performance Measurement Systems and the' National Performance Review'"; "Testing the Government Performance and Results Act"; "The Experiences of Other Countries with Performance Measurement"; "Performance Auditing and Evaluation Research"; "More Insights about Performance Auditing and Evaluation Research"; "Comments on the Performance Measurement Movement in Australia"; "Comments on the Performance Measurement Movement in the Netherlands"; "Improving Performance Systems in Supporting Program Goals"; "The Potential Effects of Performance Standards Systems" (Ernst W. Stromsdorfer); 'Alternative Evaluation Approaches': "Testing the Use of Program Applicants in Studying the Net Effects of Social Programs" (Ernst W. Stromsdorfer); "Participatory Mixed-Method Evaluation"; and "The European Commission's Effort to More Effectively Structure Evaluation Activities." Concluding the document is a list of 172 useful references on youth-related issues and evaluation of youth programs. (MN)

Evaluation Forum

Youth and the Postindustrial Future

U.S. Department of Labor
Employment and Training Administration

Issue 12, Summer 1997

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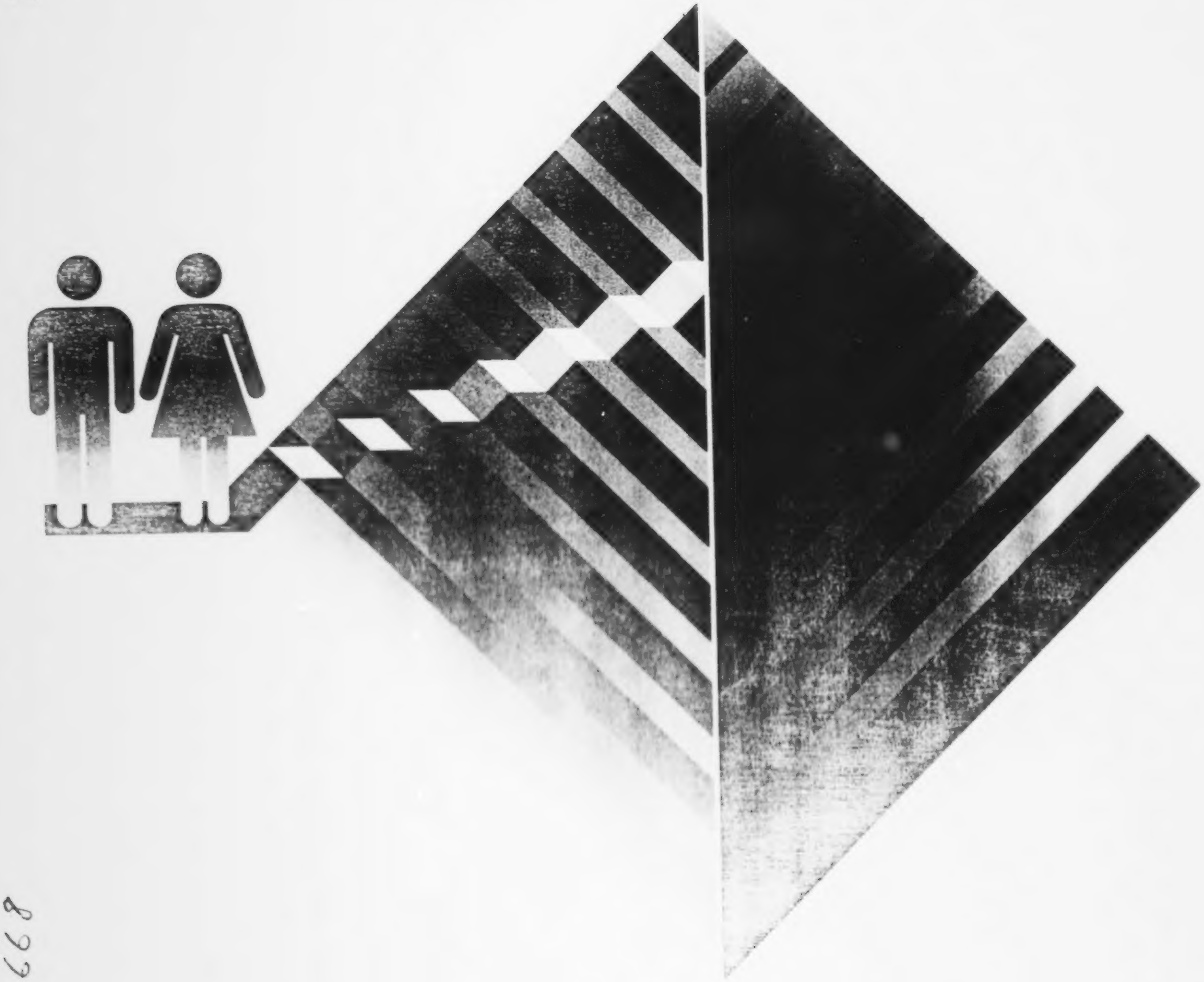

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Youth and the Postindustrial Future

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Any ideas, comments, or suggestions you may like to share with the editor or the sponsor should be directed to:

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Features

Editor's Introduction

Robert J. Samuelson, a columnist for the *Washington Post*, talks about American unhappiness in the midst of American success in his new book *The Good Life and Its Discontents: The American Dream in the Age of Entitlement*. He claims we transformed the American Dream into the American Fantasy. A reasonable demand for progress, he says, has become an excessive demand for perfection. Consequently, "our attitudes are shaped more by unattained ambitions than actual achievements." He insists that by most standards American society is better off than a half century ago. Does this author understand what's really happening to American society? There is no question that many facets of American life have grown better over the past fifty years. But the results of competent research lead us to have some qualms about our overall "progress" as an egalitarian social democracy.

Writing in the *New York Times* op-ed column in January, 1996, author of *The End of Affluence*, Jeffrey Madrick, has a slightly different perspective on societal history. He acknowledges that although the income gap has widened and real wages fallen, most people are better off than their grandparents or great-grandparents. But he maintains that this comparison overlooks the significant historical shift in the economy and public attitudes that provides a reasonable rationale for the anxiety reflected in American public opinion polls about the state of the union.

Most workers did not live as well before World War II as they do now, he says. But over the course of their lives they made extraordinary gains in their standard of living. In this context, Madrich points out that "exceeding one's expectations defined what it meant to be American. . . . It empowered people to think they could shape their own destiny." However, in the past twenty years the rate of economic progress has slowed beyond any era since the Civil War. The output of goods and services produced per hour of work has also slowed. Furthermore, although rapid growth tends to benefit everyone, slow growth apparently does not. Given that the rate of economic growth and productivity are the main determinants of our living standards, these changes are shaping a new public malaise. Madrich concludes that this is a significant reversal of our national experience and buoyancy.

This blend of optimism and pessimism in the mid-1990s is affecting the economic, socio-cultural, political and value environment of this generation of adolescents and young adults, influencing their life chances, framing their attitudes and behavior.

In this issue of *Evaluation Forum* we focus on American youth, and on the historical and contemporary forces that are creating a different society for them than the one earlier generations have experienced. This is a changed society, in which young people will become socialized, will mature, will seek to achieve developmental tasks, and will become the decisionmakers of the society's future.

Since we can address only a few of the many issues relevant to the maturation of youth into adult roles, we focus in the Features Section on the darker side of American society --that is, on increasing economic insecurity and inequality -- since many of our youth education, training and employment programs respond to such basic societal problems.

American Social Policy

mportant pieces of the fabric of complex designs against which youth issues must be analyzed are provided in Ronald B. Dear's article on *Social Welfare Policy: Trends and Issues* in the new three-volume *Encyclopedia of Social Work* published in 1995. Dear is a specialist in social welfare policy on the faculty of the University of Washington's Graduate School of Social Work, but his exposure to policy issues is not limited to academia. As the liaison between the University and the Washington State Legislature, and later as the chair of the University's Faculty Senate, Dear has experienced up close the machinations involved in developing and implementing policy in a highly politicized environment. Never wavering from a dual interest in root causes as well as social policy strategies, his analyses are driven by the need to understand the underlying forces shaping social welfare policy in the United States. This commitment helps frame a broad approach to youth issues, particularly given the increase in youth poverty and its correlates.

Beginning with a definition and interpretation of social welfare policy, Dear gives us an historical perspective on American social policies that have attempted to support equity and justice for all citizens. He identifies the major influences and trends that have helped form such policies, and suggests probable future directions. His analysis is concerned with the entire public social welfare system, including income support, health care, education, employment and training, and social services. He contends that youth problems demanding policy action must be conceptualized comprehensively, within the broader context of the larger social welfare system and the society.

What Is *Social Policy?*

The author explains *social policy* as a set of principles, plans, procedures and courses of action that set parameters around government action — what government can and cannot do. These are expressed in legislation, administrative rules and regulations, judicial decrees and organizational agendas. Social policy involves basic assumptions and guidelines that determine the form government activity takes in various substantive areas. In this sense, Dear views public social policy as *a tool or mechanism used by government for allocating limited resources*, based on several premises:

- Public economic resources, as well as most natural resources, are almost always in limited supply.
- Individuals and societies have almost unlimited needs.
- Resource allocation processes are never fully equitable or just. Societies have built-in unfairness.
- No consensus exists about how equity and justice in resource distribution are to be achieved.

The author concludes that disagreement and conflict over the values to be honored in allocation processes are inevitable. Since compromises involved in making allocation decisions tend to foreclose consideration of other options, Dear feels it is essential that the probable impact of particular value tradeoffs be evaluated. In saying so, he is interested in what forces are most likely to contribute to *progressive social change*.

Among the influences affecting social democratic change, Dear highlights *economic scarcity in the public sector, distrust of government, lack of agreement on a politically-sustainable social policy agenda, the absence of a political vision and the will to support innovative approaches*, and *the territoriality and pressures exerted by special interest groups*. While these forces have complicated the development of remedies to significant social problems in the U.S., Dear reminds us that since World War II we have been moving steadily in the direction of European "welfare states," though with considerable ambivalence and hesitation.

A Selected History of Attempts to Understand and Document Major Social Trends

Dear highlights Hoover's appointment of William F. Ogburn, a noted sociologist and Director of Research for the President's Committee on Social Trends. *Recent Social Trends*, the mammoth report of the committee, was perhaps a defining moment in American social welfare policy development. Ogburn's work had supported the conclusion that social trends develop a forceful momentum of their own and therefore resist efforts to reverse them. The Committee's report reiterated that position, emphasizing the trend toward greater government control in the interest of securing the common good. The report also encouraged government to collect, analyze and use quantitative time series data as a support for policy development and planning. This launched a historical effort to study the relationship between social trends and emerging social problems.

Thirty years later there was another surge of interest in social trend analysis. Dear refers to a 1964 report by the U.S. Department of Health, Education and Welfare (HEW) that demonstrated how demographic trends and trends in education, employment, income and health care could converge to produce new social problems. A subsequent HEW report in 1969 attempted to show the utility of an ongoing analysis of *social indicators* for identifying the evolution of major social trends. Daniel Bell, co-chair of the government's *Panel on Social Indicators*, viewed the report as the first bona fide effort to measure the performance of the society in meeting human needs.

Unfortunately the Vietnam War and reduced social spending diverted attention from this approach to social policy development. Interest in an annual social welfare "report card" waned. And as the movement toward a more responsive and generous government social welfare policy slowed, this in itself became a major new social trend. Dear makes the case that the twenty years between 1981 and 2001 may someday be perceived as a turning point in social welfare policy, an era of increasing but less well met needs, of lost social welfare opportunities, and of dampened social innovation.

The belief that government is the main institution responsible for the well-being of less fortunate citizens, represented by the New Deal and Great Society programs, was rejected in the Reagan-Bush period. Dear points out that conservative writers such as Murray *(Losing Ground)* and Gilder *(Wealth and Poverty)* expounded a "new" theory, that government social programs actually increased rather than ameliorated social problems. Supply-side economic theory, Dear says, only confirmed the notion that shrinking the size of government and precluding its intrusion into the resource allocation process would solve unemployment and poverty. Reagan's *New Federalism* converted such theories into pragmatic action by consolidating programs, reducing the funding, decentralizing, and, whenever possible privatizing. "Devolution" was expected to encourage more efficiency and effectiveness and to interfere less with economic productivity and development. Block grants became one of the strategic mechanisms for acting on these premises.

Using federal budget data, the *Center on Budget and Policy Priorities* showed that between fiscal years 1981 and 1987 Community Development Block Grants were reduced by 39%, Community Services Block Grants by 36%, and Social Services Block Grants by 28% (after inflation). The nation's principal source of federal funding for child care and child protective services was Title XX of the Social Security Act, passed in 1975. Title XX required state matching funds, targeted funds to low income citizens, and mandated public participation in the development of state plans and social services. When folded into a block grant in 1981, these requirements were removed, social service funds were cut, and most reporting ended. Also there were sharp reductions in transfer payments and in-kind benefits, and more restrictive eligibility requirements. For example, in just two years Unemployment Insurance was reduced 17.4%, child nutrition programs by 28%, Food Stamp expenditures by 13.8%, and AFDC by 14.3%.

The author sees the combination of Reagan's tax cuts and increased defense expenditures during a recessionary period as the beginning of our current obsession with federal revenue shortfalls. The annual federal deficit and debt soared, growing even larger under Bush. In the context of deficits and debts of unprecedented magnitude, significant new social welfare initiatives lost support. Moreover, nearly all existing federal social programs became suspect and vulnerable to reduction, consolidation or elimination. Nevertheless, Dear reminds us that the large social insurance programs, such as Social Security and Medicare, survived, leaving the *core* of the public American social welfare enterprise intact. However, the 1994 elections represented the first major effort to revise this core, with the purpose of proposing a very different approach to resource allocation.

Important Social and Economic Trends Affecting American Social Welfare Policy

Dear emphasizes an array of changes in American society that have influenced the way we view social problems and try to solve them.

Economic Change

Dear agrees with most social policy experts that although the U.S. generates approximately $6 trillion per year in wealth, and has the world's highest level of productivity, *a large segment of the population does not share in this affluence.* Labor productivity has slowed dramatically and real earnings have declined. Both low-technology and high-technology products once manufactured in the U.S., supplying jobs for U.S. workers, are now frequently manufactured overseas and imported back into the U.S. Meanwhile, improved efficiency through automation has led to job loss. And many of the new jobs created pay lower wages than those lost in manufacturing. Dear says the 1970s and 1980s were characterized by low growth in labor productivity, company downsizing, plant closures, extensive loss of the better-paying manufacturing and factory jobs, sharp reductions in agricultural labor, costly health care, high inflation, and increasing taxes on the middle class. These factors, he proposes, seriously stagnated the incomes of middle and lower class Americans. Unfortunately, these trends continue.

Technological Change

Many jobs, Dear points out, now require computer literacy. He quotes Peter Drucker's prediction in *Post-Capitalist Society* that "the basic economic resource...is no longer capital, nor natural resources...nor labor. It is...knowledge." *The advent of the information era has changed the nature of jobs.*

Education

Dear believes the U.S. is moving toward two separate sub-societies, one consisting of well-educated and trained professional, technical and managerial workers; another made up of less well-educated and less skilled low-paid workers. He refers to former Secretary of Labor Robert Reich's pronouncement that 20% of the U.S. population competes successfully socio-economically while 80% finds itself falling behind. Education is the key to economic advancement. Although a larger proportion of Americans attend college than in most other countries, Dear cites evidence that *lower-income and some minority young people are considerably underrepresented in American higher education.* This underrepresentation may be due to a number of factors, such as inadequate preparation, high cost, inaccessibility, discrimination, or the pessimistic view on the part of these youth that *no* strategy is likely to lead to mainstream economic success.

Demographic Change

Between 1930 and 1975 the population of the world doubled. Between 1930 and 2000 the world's population will have tripled -- *it is projected to reach 6 billion by 2000 and 8.5 billion by 2025. At the current growth rate, the population will increase as much in twelve years as it did in the first three million years since the beginning of human existence.* Within a thirty-month period, enough people are added to the world to populate another U.S., with ninety-five percent of this world population growth occurring in developing countries.

Despite claims that natural resources remain plentiful and technology can solve environmental problems, Dear contends that resource distribution policies will become a growing political challenge. He agrees with Paul Kennedy's thesis in *Preparing for the Twenty-First Century* that world population cannot be supported if current consumption attitudes, patterns and levels continue.

In this country, although the population is growing at a slower rate than in developing countries, it is still faster than in the European Union, largely due to immigration. Minority populations are growing more rapidly than the white population. Acknowledging that we share problems with developing countries in terms of income inequality, disparities in health care, high unemployment and dislocation, and social division, he also refers to our uniqueness. Although the U.S. sustains less than five percent of the world's population, it consumes a dramatically disproportionate amount of its resources.

Dear also gives attention to the *age structure* of the U.S. population. A population increase of 125-150 million new residents in the next fifty years will, he suggests realistically, increase the need for new infrastructure development, new home and business construction, and new organizational structures to support these changes. The aging of the "baby boom" generation and other demographic changes are important also. In 1940, only 6.8% of the population was over 65; by 1972 it was over 12%. By 2030, over 20% of the U.S. population is projected to be over 65. *The youth population, whose adolescent portion declined in the 1980s, is expected to grow slowly through the 1990s.*

Those born between 1946 and 1964 constituted up to that time the largest baby cohort in U.S. history, representing 30% of the U.S. population in 1992. Dear views the size of this cohort as the predominant demographic event affecting social policy in this era. He places the generation born between 1925 and 1942 between the politically powerful older generation and the numerically powerful baby boomers. Born in the Great Depression, the former, often called "the silent generation," is small comparatively. It escaped World War II, experienced "the forgotten war" in Korea, and entered the workforce during a period characterized by high levels of education, low unemployment and high socio-economic opportunity. This generation, particularly middle-aged women, is currently caring for aging parents who are living into their 80s and 90s. Furthermore, the ratio of care givers to care receivers is increasing, Dear says, as there are proportionately fewer people age 50-64 to care for those 85 and older.

The third layer of the "population sandwich" is the 80 million people age 12 to 32. Numerically larger than the "baby boomers," they tend to see themselves as maturing just as the society seems to be deteriorating, with upward mobility opportunities apparently decreasing.This disenchanted generation is the most diverse in terms of backgrounds and orientations, Dear says, and the most tolerant of new definitions of life styles, social norms and family forms emerging out of the civil rights, anti-war, and women's movements and the sexual revolution. The social, economic and cultural differences associated with the different eras experienced by the three major segments of the U.S. population have created understandable strains in the development of social welfare policy and programs that are responsive to and acceptable to all three groups.

A parallel development analyzed by Dear is the change in the *racial and eth-*

nic composition of the population. In 1992, 75% of the U.S. population was classified white, 13% black, 9% Hispanic, and 3% Asian Pacific Islanders. The proportion of ethnic minorities has gradually increased in the 1980s, as has the annual growth rate. The annual growth rate for whites was 1% but for minorities it was much higher — 1.5% for blacks, 2.2% for Native Americans, 6.4% for Hispanics, and 6.62% for Asian Americans. The projection for 2050, given rates of growth in the 1990s, is that whites will constitute 53% of the population, Hispanics more than 20%, blacks 16%, and Asian Americans 11%. This will create a more ethnically diverse population, but likely void of a commitment to the "melting pot" concept that distinguished our earlier blending of historical roots, religions and cultures into a single-language, single-culture society.

Changes in American Family Norms, Structures and Life Styles

Dear joins other experts in viewing the dramatic rise in the number of single-parent families as a major legacy of *changing family patterns*, linked inevitably with rising poverty. In 1970, 11% of all families were headed by a single parent, usually a woman. By 1990, nearly a quarter of all families were so structured. Dear looks for causes in the higher divorce rates, the lower proportion of remarriages, and the significant increase in never-married mothers. By 1993, there was one divorce for every two marriages, on average. The number of young unmarried men and women had risen -- by 1990, 63% of women age 20-24 had never married, compared with 28% in 1960; 79% of men in this age group had never married, compared with 53% in 1960. In 1960, one in twenty births was to an unmarried mother; in 1990 more than one in four births, and almost two-thirds of all black children were born to unmarried mothers.

Dear also comments on the *composition* of families, indicating the increase in reconstituted families and unmarried but co-habiting couples. He emphasizes changing family work patterns, with both spouses in 60% of two-parent families in the workforce in 1990, a significant change from 40% in 1970.

Change in the Distribution of Income and Wealth

Dear shows that between 1977 and 1988, the after-tax income of the poorest one-fifth of all households fell by 10%. At the same time, the income of the top fifth increased by 34%. According to the *Center on Budget and Policy Priorities*, the gain for the top level was a staggering 122%! Wages and salaries for this well-educated, highly skilled group more than doubled from 1977 to 1988. Dear also alerts us to tax breaks for this group and the increase in capital gain income. At the other end of the income continuum, AFDC benefits declined 45% from 1970 to 1993. The disparity between high and low income populations had become striking and disturbing. Furthermore, according to data available in 1966, trends toward income inequality are continuing into the 1990s.

Beyond these figures, Dear tells us that the number of Americans in poverty climbed in 1992 for the third consecutive year, higher than in any year since 1962. Approximately one in seven Americans were classified poor in 1992. Slightly over 30% of blacks, and close to 30% of Hispanics were determined to be poor, while the poverty rate was 12% for whites and the same for Asian Americans.

In 1992, one-fourth of children under age six were poor. Close to 22% of youth under 18 were poor. Nearly half of all black children under 18 were poor. And there was an increase in the poverty rate for black married couples, which is significant in the context of poverty rates typically being much lower for couples than for single heads of households. One-half of all female-headed families with children were poor. The absolute level *of poverty was also shocking. Almost one-half of all American children in poverty lived in households with an income less than half of the official poverty level! Furthermore, these trends were in marked contrast to the lowering of the poverty rate for the elderly.*

Dear calls attention to the fact that information about these demographic trends has dispelled the notion that unemployment is always the primary correlate of poverty. Approximately 40% of the poor were employed in 1992. Ten percent had full-time, year-round jobs. A changing economy, moving rapidly from manufacturing to services and information, has eroded high-paying lower-skill employment, and increased competition for emerging high-income-generating jobs. And racism and sexism continue to limit the educational, training and employment opportunities of women and minorities in many occupational niches.

Waning Faith in Government

The U.S. was established by people who left oppressive authoritarian governments. Consequently the Constitution incorporated a formal system of checks and balances to prevent the formation of a powerful and intrusive government. Unusual emphasis was placed on the rights of states and individuals. But this diffusion of power, Dear suggests, has slowed the development of social welfare policies and programs. And other qualities of government have been barriers in responding to social need. *Deficits, special interest group influences, and shrinking revenues for new social expenditures have paralyzed government action, precluding new initiatives, and an evaluation of the continuing effectiveness of programs as a basis for positive change.*

The Impact of the Trends

Dear concedes that some programs for the poor have received more funding in the 1980s and 1990s, but he claims there is ample evidence that most anti-poverty efforts have not expanded consistent with economic growth, inflation and human needs. Not only income assistance but also employment and training and housing programs have been reduced, while tax benefits for upper income people have grown substantially. The author is particularly interested in the effects of special income tax deductions, exclusions, preferential tax rates, credits and deferrals of tax liabilities, that represent substantial benefits to those with sufficient income to take advantage of such policies. He reports that in 1994, tax benefits of these kinds cost the federal government $256.4 billion. They are projected to cost $337 billion by 1998, considerably more than the projected federal deficit for that year.

Perceived economic scarcity, tax welfare for the affluent, and the desire to shrink government and limit its control has spawned a new "linguistic system," — *devolution, decentralization, deinstitutionalization, declassification, reconfiguration, consolidation, privatization, volunteerism.* The broader "welfare state" view, in which benefits and services enhancing life quality and opportunity are seen as rights of citizenship, was lost, Dear concludes. The general public had failed to understand, or had preferred not to acknowledge, he believes, that almost all major social programs and policy victories had been accomplished at the *federal* level, often in opposition to less universalistic approaches at the state and local level. Neither did the public realize that the administration of these large programs, such as Social Security, were costing no more in 1992 than 1% of the benefit payments they distributed, a record even by corporate standards, Dear proposes.

There are reasons for optimism, Dear insists, that national social welfare guarantees will not be *totally* dismantled in the 1990s, but he sees a number of opposing forces at work which are influencing and will likely continue to direct social policy development away from the "welfare state" concept. And he is concerned about the constraints the trends he has analyzed place on progressive social planning:

- The decline in liberalism.
- The growing national debt and continuing high deficits.
- Social program cutbacks due to inadequate state and local revenue.
- Growing citizen distrust of government.
- A changing economic base.
- Rapid movement toward international trading blocks.

The Need for a Re-Invigorated Social Agenda

Dear is not reticent when it comes to suggesting policy revisions. The conclusion of his chapter is bold, his proscription controversial in the present political environment (see Figure 1).

Figure 1 ▪ Ronald Dear's Reworked Social Welfare Agenda

- The national political agenda must again be infused with a concern for poverty, hunger, homelessness, unemployment, crime, and urban decay.
- Disparities in life quality between the more and less affluent must not be ignored.
- Social programs must be updated and modified based on evaluations of their effectiveness, and new initiatives tested.
- Program changes should be made incrementally rather than through radical surgery.
- The tax system must be made more progressive.
- Defense expenditures need to be reduced.
- The level of Social Security benefits may need to be more consistent with the level of contributions to the system.
- The U.S. needs to develop an annual or biennial broad-based "social indicators" report.
- The U.S. should recognize and capitalize on its diversity without allowing special interests to fragment the society's consensus on social welfare issues.
- Social policy reforms need to give more attention to basic social class divisions, emphasizing solutions to systemic problems.
- Social policy must give more attention to increasing collective life quality, rather than life quality only for certain groups.

Relationship of Dear's Analysis to Youth Issues

The economic, social, cultural and political trends Dear identifies as key influences on social policy in the U.S. have an impact on government social expenditures for youth education, training and employment. Young people's ability to acquire a level of knowledge and skills that affords choice and opportunity in adulthood is critical to their future life quality, and that of their families and their own children. The trends of concern to Dear have created vastly different societal environments and socialization resources for different groups of youth in American society, substantially reducing life chances for an increasingly large proportion of the youth population. If greater equity is not achieved, Dear feels the disparities in opportunity will have serious repercussions for American society in the future in terms of disenchantment, isolation and alienation. His fears are well worth addressing.

Editor's Note

For readers interested in more detail, please see "Social Welfare Policy" in the *Encyclopedia of Social Work*, 19th Edition. Washington, DC: NASW Press, 1995.

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A Generational Perspective on Young Adults

In the previous article, Ronald Dear provided an overview of recent demographic changes affecting the formation of social policy. He emphasized the cultural divergence across four important generations represented in the current American population: the elderly, the middle-aged, the Baby Boomers, and the young adult children of the Boomers' cohort. In this article we explore further some of the differences between those maturing during and shortly following World War II and the young adults of the 1980s and 1990s.

Qualifications to the Generational Comparison

The commentaries summarized here focus on the student generations of the late 1940s-early 1950s, and the late 1980s-early 1990s at a single liberal arts college, *Oberlin College* in northern Ohio. Long known for its high academic standards and social consciousness, Oberlin students have been selected traditionally not only for their academic prowess but for their leadership qualities and their commitment to social and democratic values. The insights emerging in a comparison of these two cohorts of Oberlin students make an important contribution to understanding the changes that have taken place in society over the decades involved, and in the environments in which youth grow to maturity in the 1990s. However, the uniqueness of this single case study requires caution in generalizing the commentary to other American college students and to non-college-bound American youth.

The limited focus on Oberlin students is clearly outweighed by the knowledge and experience of the two individuals making the comparison -- Nancy Dye, the President of Oberlin College and an historian, and Oberlin Professor Emeritus Albert McQueen, a sociologist. This article draws ideas from their presentations on generational differences in the two cohorts of students at the 1995 reunion of the classes for 1951-1953. The speeches constitute a penetrating qualitative study that distills major socio-cultural themes emerging in American society and their im-

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pact on the values, attitudes and behavior of two young adult generations separated by a span of forty-five years. These were the critical years following World War II which witnessed rapid and far-reaching economic, social and cultural change in American society. As a valuable illustrative case, these commentaries increase our understanding of the base of societal leadership that helped form the social policies of the past three decades, and will shape its immediate future.

The Analysts

Majoring in psychology, Albert McQueen was one of a small number of African Americans graduating from Oberlin in 1952. Returning to teach at Oberlin in 1966, he became a member of the joint sociology/anthropology faculty and served as its chair for an extensive period prior to his retirement in 1995. He was one of the earliest black faculty members at Oberlin, Oberlin having been the first liberal arts college to admit African Americans and women on a regular basis. At the University of Michigan in the early sixties, McQueen received a Ford Foundation Fellowship to pursue African Studies at the University of London, and a Research Fellowship at the University of Ibadan in Nigeria to conduct research on selected youth problems in Nigeria and Kenya. A grant from the Social Science Research Council supported the analysis of his cross-cultural data. McQueen has served as President of the Association of Black Sociologists, and has held a number of positions in the American Sociological Association. He has a continuing interest in the processes involved in youth socialization and their incorporation within the social structures of different societies and historical periods, with a particular interest in minority youth.

Nancy Dye majored in history at Vassar College and received a doctorate in history from the University of Wisconsin at Madison. She was a history professor at the University of Kentucky and Dean of Arts and Sciences at Vassar College before becoming Oberlin's thirteenth and first woman president. Dye received the Outstanding Professor Award from the University of Kentucky, as well as fellowships from the Rockefeller and Ford Foundations, and a grant from the National Endowment for the Humanities. She has served on numerous education-related boards, including the editorial board of the *Journal of American History*. She has authored a book on feminism and the labor movement, co-edited a book on gender, class and ethnic issues, and written a number of book chapters, articles and papers on women's history topics, including issues dealing with work, health, race, class and femininism.

The following overview is based on Dye's and McQueen's presentations at a 1995 reunion program titled "Understanding Student Generations in a Changing World."

Professor McQueen's Analysis

McQueen focuses his analysis on *three sets of developmental tasks* that pose the greatest challenges to college students, and the *historical contexts* that shape youth's perspectives and life options. The three most important sets of developmental tasks facing students are these:

1. Developing and consolidating a satisfactory sense of identity and commitments to a set of values and goals for one's life.
2. Pursuing a liberal education:
    - To acquire knowledge, skills and orientations that expand one's intellectual horizons to include many fields of interest.
    - To learn to think independently and critically.
    - To creatively integrate knowledge from disparate fields.
    - To gain specialized knowledge and skills useful in making career choices.
    - To become sensitized to the moral and ethical aspects of knowledge and its uses as a basis for enlightened citizenship.
3. Developing self-confidence and a sense of belonging, by being recognized and respected as a valued person by significant individuals and groups.

McQueen sees the roots of early identity and commitments in one's socialization prior to young adulthood — in family, peers, the educational system, churches, and the immediate and larger communities. College, he says, serves to concentrate and speed the acquisition of self-knowledge and a knowledge of the worlds of which one is an integral part. His view is that unique societal influences at particular historical moments can have a decisive impact on the efforts of young people to cope with developmental tasks and on the results of such efforts. For comparative purposes, McQueen concentrates on two cohorts of students during the distinctly different historical periods of the late 1940s to early 1950s, and the late 1980s to early 1990s.

Avoiding Overgeneralizations About Intergenerational Differences

As a researcher, McQueen alerts us to the dangers of stereotyping college student cohorts as "conformist and silent" (the phrase often used to describe the generation of the fifties), as "rebellious" (the sixties' epithet), and as "conservative and materialistic" (the frequent assessment of the 80s' generation). Although these kinds of labels may contain important elements of truth, he cautions his audience not to become entrapped in such broad generalizations.

McQueen points to Paul Loeb's studies of American college students between 1987 and 1993 reported in *Generations at the Crossroads*. Loeb found that the majority of the students in these studies, who were confronting personal insecurities rooted in precarious socio-economic conditions and uncertain futures, tended to be politically withdrawn and somewhat apathetic. Consequently he labeled them *adapters*. Loeb also identified a significant minority of students as *activists*. These were the students who took public stands and engaged in actions intended to bring about desired social changes.

The Influence of Societal Change

McQueen highlights certain key societal changes in American society following World War II that have influenced the ways in which college students have dealt with essential developmental *rites of passage*:

- The economic boom of the late 1940s and early 1950s.
- Expanded job opportunities and increased socio-economic upward mobility.
- Suburbanization and the growth of the middle class.
- Increased geographic mobility via expanded transportation systems.

- Expanded communications, with the development of electronic information production technologies.

McQueen points out that these changes in the decade after World War II did not mirror substantial changes in the basic underpinnings of the society — that is, in traditional family and community values, attitudes and behavior. He reminds us, however, that deeply-rooted, oppressive prejudices and patterns of discrimination persisted, and that the era of the Cold War and the Korean War produced "highly virulent pressures for ideological conformity."

In this era there was minimal ambiguity at Oberlin about what constituted appropriate academic standards and individual behavior. The Oberlin heritage, built on Christian doctrines and values, has at its core principles of socio-political and cultural progressivism. The authority of the administration and faculty as carriers of this heritage was rarely tested. Nevertheless there was diversity within the student body. Many could be classified as *adapters*, a large proportion as *activists*, and a small number as *rebels* (who, for example, struggled for and accomplished the establishment of radical new living arrangements in student cooperatives.)

The late 1980s and early 1990s was a time of dramatic changes that contrasted sharply with those of the earlier period. Among the forces McQueen believes have played a large part in shaping the life conditions, perspectives and future prospects of college students of this era are the following:

- Economic and social stresses resulting from a widening gap between the rich and the poor; growing global interdependence and competition; increasing federal deficits and policy changes; increasing costs of educational and medical services; and continuing degradation of the environment.
- Vast expansion of ever-changing media-promoted consumption patterns and lifestyles.
- Significant erosion of many traditional family and community values and arrangements.
- Growth of major social problems such as homelessness, drug use and abuse, ethnic and gender conflict, violence, and AIDS.
- Dramatic increases in the production and near-instant dissemination of information of every kind via constantly developing electronic technologies.

Despite indications of social progress, McQueen believes these forces have created substantial anxiety and uncertainty for college students as they seek resolutions to essential developmental tasks. Added to this is the fact that the student movements of the 1960s and 1970s undermined the guiding and mentoring roles of many adult authorities (including parents), leaving an absence of significant guide-posts in the lives of many young people, who chose independence and self-regulation as they contended with the challenges of growth and development.

One expression of this new independence is what McQueen calls "the powerful identity politics" of the many special interest groups that have emerged on college campuses. In contrast to the earlier emphasis on "melting pot" ideas, these groups are inclined to concentrate on the pursuit of their own interests and rights, which they may define in terms of political, ethnic, racial, religious, cultural or other characteristics. This has led to pervasive fragmentation in campus life. While such widespread preoccupations with special interest group goals surely yield some positive benefits for those involved, McQueen feels that the general trade-off has been "deep uncertainties and insecurities among college students, widespread conflicts in student life, and an attendant loss of a sense of community." However, he sees important counter tendencies, in that many students who are involved in identity politics also seek to cultivate common interests on campus and to serve the larger community for the common good.

President Dye's Analysis

Dye proposes that the characteristics of Oberlin students in 1995 are not dissimilar to those of previous eras in these respects:

- A passionate interest in the world.
- The desire to explore this world intellectually, socially and aesthetically.
- A strong commitment to achieve at a high academic level.
- A deep commitment to social progress.

However, she also sees major differences between current students and those of previous eras. She illustrates some of these with a letter from a fifties' alumnus and professor of history, Geoffrey Blodgett:

> We had the enormous good luck to believe that we possessed a desirable future. The society we were getting ready to enter seemed, on balance, to be a good society. Most of us were eager to find our places in its structure and fulfill ourselves in ways expected of us. We were remarkably career-oriented and achievement-oriented. We thought we were needed by society, and by the professions we wanted to pursue. The jobs were out there waiting for us. We accepted the ethic of apprenticeship in order to get ready for them. We entered training programs and graduate schools to find out what was expected of us, required of us, and we did it.

This kind of attitude, Dye says, does not describe the world view of college students in the '90s.

Influences Shaping the Perspectives of Youth in the 1990s

Dye emphasizes several factors in seeking to explain some of the differences in orientation between post-World War II students and students today.

Differences in Cultural Realities

A common "normative culture," Dye says, characterized the 1940s and 1950s, pulling the society together around a singular set of values, mores and attitudes about the privileges and responsibilities of citizenship, which was associated with a patriotic nationalism. A relatively common view of country and society supported the central role of political institutions and citizens' acceptance of them — an era she titles "middle class nationalism." This middle class, rising out of the prosperity in the trade and manufacturing sectors, represented a strong nationalistic base that at the same time provided a "sense of place" and "historical continuity." It helped prevent a deterioration of American society into contending factions, and promoted a common feeling of community attachment and obligation.

The society of the 1990s, she contends, is more difficult to understand, to enter, and to accept. Traditional concepts of nation and citizenship, and of institutional authority, are being questioned. Diversity is challenging our understanding of community also.

Breakdown of the Nation-State

In the post-World War II years, young people grew up with a loyalty to country and its institutions, and a desire to work for change *within* that system. Again quoting from Blodgett's letter:

> In courses in American history and foreign policy, we began to absorb the new realist concepts of national self-interest and controlled conflict which underwrote the Cold War containment policy and displaced older Wilsonian concepts of international law and moral idealism as proper guides to foreign affairs. . . . In the arena of domestic American history, "consensus" gradually replaced "conflict" as the key phrase for explaining how Americans normally thought and behaved toward one another. As we learned to locate the terms of American consensus in the past, more often than not we also learned to identify those terms as values of our own. From political science we absorbed comparable lessons. We discovered the intricacies of the peculiar American party system. . . . We learned how the system worked, for all its idiosyncracies, to master the tensions of a pluralistic society. Implicitly, and sometimes explicitly, we received the message that it was better to join a party and work within it for improvement than to stand on the periphery wringing our hands in dismay... We learned to our surprise that most professors of political science frowned on political independents as soft-minded, idealistic troublemakers. The independents' notion that party politics spelled a degradation of pure representative democracy was, we were told, a self-fulfilling prophecy, because it removed them from effective involvement in the system they disliked.

Dye proposes that rising economic internationalism and the decline of the importance of the nation-state have reduced students' national loyalties, their view of the responsibilities of citizenship, and their interest in social activism within the political system. In a 1994 survey of incoming Oberlin freshman, only 31.9% said that "keeping up with political affairs" was an important goal — the lowest percentage in the history of the survey. The percentage who said they discuss politics frequently also reached its lowest point. Dye surmises that specialized identity groups have replaced some of the broader political commitment that was such a strong quality of Oberlin students in the past.

As a result of these and associated trends, such as increasing economic inequality, Dye feels that college students today, and to large extent young adults generally, lack a belief that they will have the future they desire. They do not feel assured that they will be "better off" than their parents. They are the first generation to harbor that anxiety. In fact, many expect to be "worse off" in terms of standard of living, with a new agnosticism about the future. It may be secure, it may not be. They may marry and have children, they may not do so. They may have traditional sexual orientations, they may not. They feel more ambiguity and uncertainty than before.

Changing Conceptions of the Family

Close to 35% of Oberlin students now come from single-parent households. Many come from *blended* families. Dye suggests that these students view relationships of all kinds as far more fragile and fluid than was the case in earlier eras.

Some Comments

The analyses of disparate college generations tell us important things about the differences emerging in socialization patterns and attitudes related to significant change in American society. Increasing uncertainty about personal life choices and anxiety about one's economic future are pervasive in the current youth generation, in the context of weakening ties with institutional authority and the political system. Clearly, these changing personal perspectives and world views have implications for youth education, training and employment policy. A prominent implication is that such policy must begin with a broader understanding of the relationship between societal and global economic, social and cultural change and the achievement of generic youth development tasks.

Editor's Note

A November 30, 1995 article in the *New York Times*, "Boomers: 'Not As I Did' Parents," provides interesting anecdotal support for one of the themes in the Oberlin presentations, namely the legacy of too early *self-independence* in a more complex society and world. The journalist, Trip Gabriel, claims that surveys suggest that the Baby Boom generation (now age 31-49) has a strong desire to protect children from a world that has grown more threatening, and from an era in which they believe they were afforded too much freedom too soon. These concerns about the future of children, about anomie and cynicism, cuts across political and racial lines, he says. Gabriel quotes from *Generations*, co-authored by historian Neil Howe, to make his point:

> What Boomers do not want is for their kids to grow up like Generation X did — no order, no structure, no innocence. Facing too many choices. Being told the answers to questions they never had, at too early an age. Exposed to too much.

Gabriel claims that the mantra of the Boomers was "question authority." Now they *are* the authority. Surveys reveal a new more restrictive, rulemaking child rearing movement among them. A 1995 Roper survey found that *good manners and politeness* were at the top of the list. *Responsibility* was second. *Independence and imagination*, high priority in their own era, were much lower on the list.

But some experts see this new interest in placing limitations on behavior, and instilling values such as teamwork, as a product of both parents working and having less time to serve as role models for their children. Many measures of adolescent well-being, for example, are declining: increasing marijuana and LSD use, a rising incidence of sexual intercourse by age 15, a greater potential for acquiring sexually transmitted diseases, increasing arrest rates for violent crime, a growing media focus on sex and violence. Some youth specialists do not see a turnaround, Gabriel says, until the larger second wave of children of the Boomers (now 8 and under) enter adolescence.

Interested readers may want to delve into the following:

Dye, N. (co-editor with Noralee Frankel) *Gender, Class, Race and Reform in the Progressive Era*. Louisville, KY: University of Kentucky Press, 1991.

Dye, N. "The Rise of the New Woman: Women's Work, Women's Politics, 1870-1928," in M. Cantor (editor) *Main Problems in American History*, Volume 2. New York, NY: Dorsey, 1988.

Dye, N. *As Equals and As Sisters: Feminism, the Labor Movement, and the Women's Trade Union League of New York*. Columbia, MO: University of Missouri Press, 1981.

Horowitz, H. L. *Campus Life: Undergraduate Cultures From the End of the 18th Century to the Present*. Chicago, IL: University of Chicago Press, 1987.

Littwin, S. *The Postponed Generation: Why American Youth Are Growing Up Later*. New York, NY: William Morrow and Co. 1986.

Loeb, P. R. *Generations at the Crossroads: Apathy and Action on the American Campus*. Berkeley, CA: University of California Press, 1989.

Modell, J. *Into One's Own: From Youth to Adulthood in the United States, 1920-1975*. Berkeley, CA: University of California Press, 1989.

Rising Income Inequality and Poverty

Sheldon Danziger and Peter Gottschalk have collaborated on numerous studies of poverty and unemployment, and have jointly published their results in article and book form. This article reviews their most recent, very timely book, *America Unequal*, published by the Russell Sage Foundation and Harvard University Press in 1995. Danziger is Professor of Social Work and Public Policy at the University of Michigan. Gottschalk is Professor of Economics at Boston College.

The theme of the book is that the global and domestic economy, technological change, family structure and public policies have contributed to the gradual decline in family incomes, to rising economic inequality, and to an erosion of job opportunities for lower-skilled workers. Based on empirical studies made possible by grants from the Russell Sage Foundation and the Presidential Initiatives Fund of the University of Michigan, the authors reject the notion that increasing poverty in the U.S. is the result of a weakening work ethic, a legacy of social programs, or associated with the government's failure to shore up the middle class and address the increase in poverty. Their recommendations fall heavily on demand-side as opposed to supply-side solutions.

A Departure from the Past

The authors comment that the inequalities in the America of the 1990s represent a substantial departure from our recent economic history. Family incomes doubled in the two decades following World War II. They have grown only minimally since then. More striking, many workers have lower real earnings than in the 1970s. Youth and young adults have assumed that they would experience the same mobility and affluence as their parents, but the authors claim this hope has dimmed in the new economic and technological environment.

The authors note that in the era of the 1950s and 1960s, most families were living out the "American dream" — good wages and fringe benefits, house ownership, savings. The income of all American social classes rose at nearly the same rate. The concept of "a rising tide lifting all boats" seemed to reflect real life, and indeed the poverty rate decreased, by half between the late 1940s and early 1960s, and again by half by the early 1970s. Now wages are much lower and fewer jobs offer fringe benefits. Unemployment rates for both white-collar and blue-collar workers are higher. Both adults in two-parent families must work to allow for continuing economic support and home ownership. The retirement age has been raised, and social security benefits in the future will mirror the lower rate of return on social security taxes, significantly affecting young workers.

These younger workers face a society characterized by rising inequalities in wages, income and wealth, and a high rate of poverty, according to the authors. Such conditions are the legacy of the 1980s and early 1990s, they say, during which growth in income was skewed toward the top of the income distribution, and inequalities within and between demographic groups widened. Different groups began to experience disparate economic fortunes. The slender gains went disproportionately to the old, the better educated, two-person families, and whites.

The Inner-City Syndrome

The popular view has been that these changed conditions reveal a lack of work effort and skills. The public looks to inner city poverty, single mothers, and displaced blue collar workers as the primary victims. Danziger and Gottschalk say this is a distortion of reality. The new inequalities have affected all population groups, even college graduates. In 1991, for example, 16% of male graduates and 26% of female graduates between age 25 and 34 worked at some time during the year but earned less than the poverty line for a family of four. In 1973, this was true for only 11% of the men and 37% of the women. The demand for less-skilled, less-experienced workers has decreased noticeably. It is gradual, even though not visibly dramatic changes in the economic environment, the authors contend, that explain the changes in Americans' standard of living, not changes in the American worker. And the origins of the problem lie in the early 1970s. It is these *structural economic changes* that are the authors' primary variables in the search for ex-

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planations for rising inequality and poverty.

The recovery in the 1980s looked like a period of renewed progress, but the data hardly support this conclusion. This era did lead to job growth, declining unemployment and inflation, and an increase in the gross national product — but only a small portion of the American population benefited. This period "set the stage," the authors say, "for both a change in academic thinking about the level of distribution of living standards and a change in presidential administrations. The issue of *fairness* moved from the background to center stage in the early 1990s." Research on inequality and poverty began to attract more attention.

A "revisionist" view of the 1980s emerged in the context of low wages and benefits, worker displacement and dislocation, and continued high unemployment rates for certain groups. And the media began to notice the problems associated with corporate restructuring and downsizing, such as the unemployment of young college graduates, college-educated middle managers, and highly-paid blue collar workers. Consistent with this concern, the authors show that since the recession of 1973 to 1975 poverty rates rose more during each recession than following each recovery, parallel with a declining general standard of living and lowered consumer confidence. Poverty rates began to move in a different direction than economic growth. During the 1980s the top end of the income distribution benefited much more than others. Their earnings and property income went up and their federal tax rates went down.

As data revealed an increasing gap between rich and poor, public policymakers could hardly avoid acknowledging the effects of the internationalization of markets, technological breakthroughs and structural economic change, and began to seek solutions. But proposing solutions was not easy. Macro-economic approaches have been one focus, tax and social policies another. To assist the reader in evaluating the alternatives, Danziger and Gottschalk review the evidence and pose these questions:

- Why have poverty rates remained so high?
- Why has the gap between the rich and poor, and between the rich and the middle class grown so wide?
- Why didn't the gains of the 1980s "trickle down" more to the middle class and the disadvantaged?
- What changes have made more of the population rich without reducing poverty?
- What can be done to reduce poverty and the economic inequalities that have widened over the past two decades.

Answering the Questions

The authors suggest that most researchers did not see coming the change in *average earnings*. Neither did they envision the increase in *earnings inequality*, the *continuing high rates of poverty*, or the *impact of the weakening of governmental concern and attention to poverty and inequality* in the 1980s.

Family Income

The authors point out that both *median* family income, the most common measure of *standard of living*, as well as *mean* family income grew almost continuously from 1949 through 1973. The public perception in the early 1970s was that the U.S. was much richer than earlier, and more affluent than other industrialized nations. Neither of these visions accurately reflect current reality.

The 1973–1975 recession was the longest and steepest since the late 1930s. In 1980, the country was again in recession, followed by a brief recovery. At this point median family income was 7.4% below its 1979 value and 4% below the 1973 level. *For the first time since the Great Depression, the "typical" family was worse off than it was a decade earlier.* The recovery beginning in 1982 was relatively strong and enduring. Mean and median income grew. By 1989 it finally rose above the previous high in 1979. *But economic inequality and poverty kept increasing. The 1970s and 1980s had essentially produced little improvement in the median standard of living.* Adjustments for the shift toward more female-headed families failed to explain this paradox.

What stands out in the authors' analysis of family income data is that all of the increased inequality between 1982 and 1989 is explainable in terms of the income gains for the richest 5% of American families. This top group received more total income than the entire bottom 40%. The middle class was not exempt from this change. In the late 1980s and early 1990s, the share of income held by the middle class was lower than in any other period since World War II. Much of the growth in the incomes of married-couple families was due to the wages and work effort of wives, not to the rising wages of husbands. Meanwhile, the tax cuts of 1981 benefited the highest income families, not the middle class. In fact, Danziger and Gottschalk see the 1980s as an "historical anomaly," an era of rising family incomes and rising inequality. The continued and unprecedented increase in inequality during the recovery of the 1980s challenged the conventional wisdom about the effects of economic cycles.

The Rich and the Poor

In their analyses of wealth and poverty, the authors chose a conservative measure of poverty by using the *official poverty line*. In 1991 this meant $13,924 for a family of four. Since no comparable official definition of wealth existed, they collected data on the top 5% and the top quintile of families. Their approach was this: if the richest fifth of families is considered "rich," and if their incomes remain the same while the other four-fifths fall, the *share* of income possessed by the richest fifth will rise, resulting in an increase in inequality but not in the *proportion* of families who are rich. That is, the level and distribution of income influence the proportion of the population that is rich, but this segment does not increase unless the absolute real incomes of the rich increase.

> For example, if every family's income doubled, there would be no change in income inequality, but poverty would decline and the percentage who were rich would increase. If, in contrast, the incomes of most families stayed constant but the incomes of those near the top of the distribution increased, there would be no change in poverty, but inequality and the percentage of rich would increase.

The poverty rate fell substantially during the rapid growth of the postwar years -- from approximately 40% of all persons in 1949, to 22% in 1959, to 14% in 1969. In that same period, the rich increased from less than 1% to more than 5%. The middle class also grew rapidly, from 60% of all persons in 1949 to 80% in 1969. But although the poverty rate tended to rise and fall with the condition of the market, it began to increase more during the recessions and to decline less during the recoveries. Danziger and Gottschalk do not imply that economic growth no longer mattered, but rather that the relationship between the poverty rate and economic forces was more complex than thought.

If the economy were to stay on its present course, the authors estimate that median family income would have to grow to $39,000 (over 13%) to return to the 1973 poverty rate level. Their point is that without dramatic changes in underlying demographic and economic factors, poverty is destined to stay well above the 1973 level. To support this conclusion, the authors calculate the poverty rate using alternative measures. These lead to the same end result, or to an even higher poverty rate.

At the beginning of the War on Poverty, the reasonable assumption was that poverty could be reduced by healthy economic growth, through macroeconomic control of the business cycle. The Reagan Administration, the authors remind us, blamed the stagnation of the 1970s on the rise in oil prices and on President Carter's economic management, and they assumed that a speed-up in the economy would be shared equally by all groups. None of these assumptions was correct.

Disadvantaged Groups

A major change since World War II is the shrinkage of that part of the population, in each decade, that has lived in families headed by the nonelderly and the non-Hispanic white. Danziger and Gottschalk caution us to review this trend in the context of the increasing proportion of the population that represents groups with lower-than-average living standards and higher-than-average poverty rates — i.e. minorities and female-headed families. They say the data indicate that increasing hardship in these groups cannot be attributed to "moral decline in the American family" or the relative increase in the size of the minority population. In the absence of demographic change, the economy still would have created such inequalities, and the hardships would have been more severe if women had not gone to work in unprecedented numbers. Furthermore, government programs have provided less cash assistance to low-income families in a period in which the economy has increased the need for such assistance.

The authors' research confirms that the past twenty years have witnessed a divergence of living standards among various groups in American society, with some of those receiving the lowest incomes experiencing the most stagnant rise in living standards and the largest increases in poverty. Non-Hispanic whites are better off than blacks, Hispanics and other minorities. Nonelderly adults are in a better position than female-headed families. Workers with more education are faring better than those with less. *Current poverty rates for minorities and persons in families headed by unmarried women are above 25%. Black, Hispanic and white children living in mother-only families have poverty rates as high as 40%.*

Children of Minorities

The trends for minority children are particularly worrisome. While children benefited from the economic progress following World War II, they did less well in the 1970s and 1980s. Significant to the economic status of minority children, over the past two decades these children have been more likely to live with one parent than with two. Following 1973, while the median income for all African Americans increased by 16.4%, the median income for black children did not increase, and the median income for Hispanic children fell by 11%. This greater divergence for children than for other persons is of great policy concern. *In 1991, the median standard of living for white children was 96% of all persons, for black and Hispanic children it was 40% and 44% respectively. In 1991, the median black or Hispanic child lived in a family whose living standard approximated the standard for all Americans in 1949, only 1.24 times the poverty line.*

Men's Incomes

Over the past twenty years, only the elderly have experienced rising incomes and declines in poverty. This has been due mainly to government spending. At the same time the elderly's safety net was improving, economic changes were unkind to working men. Men's earnings increased substantially between the late 1940s and early 1970s, and then stopped — in fact, their real earnings were lower in 1991 than in 1973! Increased work hours, particularly on the part of female spouses, has been the primary coping strategy.

In 1949 men's earnings represented 82.7% of family income. Between 1949 and 1969, growth in men's earnings accounted for 73% of the rapid growth in family income, even though the proportion of married mothers with earnings doubled. In 1991, men's earnings still accounted for 63.4% of total adjusted family income, the earnings of their wives representing 21.5%. Clearly the largest source of income for these families remained the men's earnings. After the early 1970s, however, the growth rate of men's earnings slowed, more wives entered the workforce, and wages and hours of work decreased. By 1991, two-thirds of all mothers in two-parent families had earnings, but the absolute level of earnings of men had stagnated.

Although men's earnings remained the largest source of family income, they accounted for only 2.5% of the growth in family income between 1973 and 1991. In the 1990s wives' earnings actually replaced those of men as the primary reason for any growth in family income. Wives' earnings now accounted for 95% of the increase in their children's standard of living.

These results, based on careful statistical studies, again convinced Danziger and Gottschalk that it is adverse economic changes — in particular the declining earnings of men — that explain current economic hardship, rather than sheer demographic change. Mean male earnings have hardly grown over the past two decades, and inequality in men's earnings has increased.

What the data show for white men holds true for minority men. The growing inequality of the past two decades had similar effects on the living standards of white and minority men. However, since the median standard of living of minorities has been much lower than that of whites, the inequality is greater. The authors are firm in rejecting explanations of the disparity in terms of "race-specific behavior." They provide ample evidence that economic change is the primary culprit.

A case in point is *educational benefits*. There has been a pattern of rising rates of low earnings for both white and black male high school graduates, with the two groups beginning to diverge in the 1970s. This has been true for the earnings of college graduates as well. The authors contend that conservative explanations of the differences in earnings between these two racial groups have vastly overestimated the role of individual motivation, family structure and detachment from the labor market. Although these factors have contributed to the disparity, the authors say, they do not explain much of the increase in economic hardship over the past twenty years.

Female-Headed Families

The public view has been that a large proportion of female heads of household are on welfare rather than in employment. But the authors' data suggest otherwise. Women's earnings in employment are the most important source of income for these families. Their earnings are low, however, because women's wage rates are lower, there are fewer adults to obtain employment within the family, and these families receive so little cash assistance from government programs. Declining government cash transfers have not made much of a difference in their living standards. By 1991 government cash transfers amounted to only 10.3% of the mean adjusted income of families headed by women. They accounted for 20% in 1969. If these women were not working, the authors point out, their living standards would be considerably lower than they are now. *In 1973 cash transfers averaged .42 times the poverty line and accounted for 32% of the income of mother-only families. By 1991 these transfers averaged only .24 times the poverty line, or 17% of total adjusted family income.*

Increasing Poverty

The authors give much of their attention to *myths* vs. *root causes*. For example, they point to analysts who tend to blame the increasing divorce rate and rate of out-of-wedlock births for the high poverty rate, insisting that the data do not fully support this conclusion. Although the shift toward more female-headed families raised the poverty rate by 1.6% over an eighteen-year period, or by about .1% a year, they say, the poverty-reducing effect of the economic growth of the past two decades has been offset by the increased inequality of family income. The authors credit the much slower growth in living standards and the rising inequality of incomes, particularly those of men, as the major explanatory influences.

There was much debate in the late 1970s and early 1980s about whether increased inequality was correlated more with *long-term structural changes in labor markets* than with temporary responses to recessions. However, the authors point out that as economic growth expanded in the 1980s and earnings inequality also grew, it became obvious that the U.S. was experiencing *long-term* economic changes. Full-time, year-round workers, not only labor market groups with access to government transfers, were sustaining large increases in inequality. And earnings inequality for all men continued to increase as reductions were made in unemployment insurance and welfare.

Technological as well as economic changes have played a significant role in increasing inequality, according to the authors. Computerization has increased the demand for higher-skilled workers with a resulting decrease in the employment opportunities and wages of those without computer skills. The de-industrialization of the U.S. has reduced earnings significantly, and upward earnings mobility has not changed appreciably over a long period.

Again, different experts have different explanations concerning the role of technological change, some criticizing the measures used to study its effects. But the authors point out that the negative effects of such change on earnings has been well documented not only in general statistical studies but also numerous industry-specific studies. Also, it is now fairly well established that market forces that increase *efficiency* do so at the price of *equity*. Meanwhile, the public sector has been left to compensate for these negative effects of economic and technological progress. It chose not to rise to this occasion in the 1980s.

Job loss is sometimes given as an explanation for increased inequality. However, the authors report that the extent of job loss was about the same in 1979 and 1989, suggesting that this factor accounted for very little of the differences in earnings. These losses mainly reflect changes in the industrial structure of the labor force, according to Danziger and Gottschalk. For example, an increased number of workers are temporaries. The number of these workers grew sevenfold between 1972 and 1991. By 1992 temporary employment was as large as the steel and auto industries combined. And rather than responding to business cycles, the rate of temporary employment has shown a steady upward trend.

The Author's Conclusions

The two researchers are quick to acknowledge that we are only beginning to understand the combination of complex influences that result in the growth of income inequality in the U.S. and the significant interactive effects of these factors. In summary, however, they find strong evidence regarding the role of these influences:

- Increased globalization of markets.
- Improved efficiency, whose negative side is greater inequity.
- Technological change
- Change in the structure of the labor force.

These changes have both positive and negative effects on income inequality, but the overall trade-off has been increased poverty. Government's primary obligation in a capitalist democracy, the authors suggest, is to develop policies that help offset the inequities resulting from these changes.

An Anti-Poverty Strategy Based on the Research

Danziger and Gottschalk are clear about the lessons we should have learned about public policy over the past several decades. Their message is that policies that are not consistent with the public's perspectives and expectations will not be successful or be appropriately implemented. For example, the negative income tax concept failed the public acceptance test. The potential efficiency in welfare mothers' caring for their young children rather than working has failed also. Education and training programs have proven to be initially expensive, even though in some the costs have been offset by significant benefits to recipients. In terms of taxpayers' tolerance for policies involving substantial spending, *some experts estimate it would take human capital investments of about 1.7 trillion (in 1986 dollars) to reduce inequalities sufficiently to bring the wage distribution up to the 1979 level!*

Another lesson is that market forces alone are not capable of resolving the economic hardship we are now experiencing, and therefore the authors view government action as essential. In that context, they concentrate on an adequate governmental response, particularly assistance in improving the employment and earnings of those with low skills, and those most adversely affected by economic change:

- For those with jobs: expanded wage supplements and child care.
- For those who want to work but cannot find regular employment: transitional public service jobs at the minimum wage.
- Expansion of the Earned Income Tax Credit.
- Refundable income tax credits for the working poor.
- State income tax relief for the working poor.
- Employer subsidies.
- Public service employment.
- Child support.

The.focus is on *earnings supplements* and *work opportunities,* rather than work incentives and requirements. The authors emphasize the demand side of the labor market, and apply their strategy to all those negatively impacted by economic, technological and related changes, not simply the poor, estimated to be roughly 47% of family heads. It is an impressive empirically-based and ambitious agenda in a period of uncertainty and unprecedented government retrenchment.

Editor's Note

Those interested in other publications of the authors may wish to delve into the following:

Peter Gottschalk

"Transfer Scenarios and Projections of Poverty into the 1980s," in *Journal of Human Resources* 16, 1981.

Policy Changes and Growing Earnings Inequality in Seven Industrialized Nations. Research paper. Boston, MA: Boston College, Department of Economics, 1994.

[Co-authored with S. H. Danziger] "Macroeconomic Conditions, Income Transfers, and the Trend in Poverty," in *The Social Contract Revisited: Aims and Outcomes of President Reagan's Social Welfare Policy* edited by Lee Bawden, 1984.

[Co-authored with S. McLanahan and G. Sandefur] "The Dynamics of Intergenerational Transmission of Poverty and Welfare Participation," in *Confronting Poverty: Prescriptions for Change* edited by S. H. Danziger, G. D. Sandefur, and D. H. Weinberg, 1994.

[Co-authored with G. Sandefur] *The Growth of Earnings Instability in the U.S. Labor Market.* Brookings Papers on Economic Activity 2, 1994.

Sheldon H. Danziger

[Co-authored with P. Gottschalk] "The Poverty of *Losing Ground*," in *Challenge* May-June, 1985.

"The Poor," in *Human Capital and America's Future* edited by D. Hornbeck and L. Salamon. Baltimore, MD: Johns Hopkins University Press, 1991.

[Co-authored with S. Danziger] "Child Poverty and Public Policy: Toward a Comprehensive Antipoverty Agenda," in *Daedalus: America's Childhood* 122, 1993.

[Edited with P. Gottschalk] *Uneven Tides: Rising Inequality in America.* New York, NY: Russell Sage Foundation, 1993.

[Edited with G. Sandefur and D. Weinberg] *Confronting Poverty: Prescriptions for Change.* Cambridge, MA: Harvard University Press, 1994.

Readers are also encouraged to read the National Commission for Employment Policy's *On Shaky Ground: Rising Fears About Incomes and Earnings* by Steven Rose, published in 1994. Rose's analysis supports the thesis in *America Unequal.* The conclusions in this monograph are these:

- The American economy is providing upward mobility for a declining proportion of Americans.
- Lack of access to post-secondary education is a barrier to job opportunities.
- A widening income gap is generating anxiety even among well-educated and experienced workers.
- A declining number of men are upwardly mobile — in every income, age and education category.
- Average male earnings over the entire decade of the 1980s were 4% lower than the 10-year average of the 1970s.
- Women are earning more than men, due to longer work hours.
- Higher family living standards are depending on women's earnings.
- Young adults are much less successful now in advancing their careers.
- The relative economic standing of black men has fallen dramatically.

The U.S. is viewed as being in the midst of a profound economic transition. Those with access to skills and technologies are doing relatively well. But new skill and technical requirements are polarizing the economic well-being of those with the necessary skills and those without.

The author asks for more flexibility in the labor market, through portable health care and pensions, education and training, counseling and job assistance, accurate labor market information, family support, and partnerships between capital and labor. The push is for more adaptive labor market policies which help workers adjust to significant change.

■■

A Victim of Policy Neglect? Wealth Inequality

Poverty specialists focus most often on *social* and *income inequality. Wealth inequality* is frequently ignored. However, the latter issue is beginning to capture analysts' attention in the 1990s — the extent of current disparities in wealth are unprecedented. The combined effects of income and wealth inequality have significant implications for American society, and therefore for its youth.

Consistent with the increasing interest in wealth inequality, we review Edward N. Wolff's new book, *Top Heavy: A Study of the Increasing Inequality of Wealth in America*, published in 1995 by The Twentieth Century Fund Press. Wolff is professor of economics at New York University. He is also managing editor of the *Review of Income and Wealth*, associate editor of the *Journal of Population Economics and Structural Change*, a council member of the International Association for Research on Income and Wealth, and a member of the editorial board of *Economics Systems Research*. His principal areas of research are *productivity growth* and the *distribution of income and wealth*.

A Perspective on Wealth Inequality

Wolff confirms that most discussions of distributional issues have concentrated singularly on income, or the measure of a household's economic position from year to year. His position is that wealth is a better indicator of long-term economic security. *Wealth is the sum of the current value of all the assets a household owns minus all the household's liabilities.* Wealth, as well as income, can vary over time but the former, Wolff insists, is the foundation for a family's long-run security.

Although certain kinds of income come from wealth, such as interest on savings or mutual fund accounts or rent, Wolff establishes that income and wealth are not identical. Some kinds of income do not flow from household wealth and many forms of wealth do not produce income. Although both are sources of well-being, wealth is the critical resource. Families differing in their income and families differing in their level of wealth can have quite different life quality. In periods of economic stress due to unemployment, illness or family breakup, wealth is an important cushion. And fortunes can be a source of economic power and social influence over a number of generations.

Contemporary Wealth Inequality

The 1980s offered enormous benefits to the top of the wealth distribution, while the rest of the population experienced a decline. In fact, 80% of households experienced a decline between 1983 and 1989, if one looks exclusively at real financial wealth, such as bank accounts, and stocks and bonds. Even if housing wealth is added, the bottom 40% of households had less wealth in 1989 than in 1983.

During the same general period, the racial distribution of wealth declined from an already low level. The relative *income* of African Americans, Wolff says, held steady at approximately 60% of white income in the 1980s, but the relative *wealth* of most black families deteriorated. Wolff sees historical differences in wealth between whites and blacks as a legacy of slavery, discrimination and low incomes — but this condition grew worse between 1983 and 1989. In 1983, the median white family had eleven times the wealth of the median nonwhite family. By 1989 this ratio had risen to twenty times. Now more than one in three nonwhite households have no positive wealth at all, compared with one in eight white households.

Historical Trends in Wealth Inequality

The 60-year high in wealth inequality in the U.S. was 1989, with the top 1% of wealth holders controlling 39% of total household wealth. The richest 1% owned 48% of the total. However, the rise in wealth inequality from 1983-1989 was unusually dramatic. The share of the top 1% of wealth holders rose by 5%. The wealth of the bottom 40% declined. Almost all of the absolute gains in real wealth were absorbed by the top 20% of wealth holders.

American real wealth grew between 1962 and 1983, growing even faster after that. American marketable wealth actually grew twice as fast between 1983 and 1989 as it did between 1962 and 1983. It had almost doubled since 1962. Average financial wealth grew faster than marketable wealth during 1983-1989, reversing the relationship of the 1962-1983 period. Average household *income* also grew faster in 1983-1989 than in 1962-1983. But in both periods *average income grew more slowly than average wealth*. The growth in average wealth tended to mask changes in its distribution. Wolff says we must look at *medians* rather than *means*. The median of the wealth distribution is defined as *the level of wealth that divides the population of households into two equal-sized groups*. If only the top quintile experiences an increase in growth, median wealth is unaffected. When trends in the mean deviate from trends in the median, this tells us that gains and losses are unevenly distributed.

During 1983-1989, mean wealth increased by 23% but median wealth grew only by 8%, with the bulk of the gains concentrated at the top of the distribution. The share of marketable net worth held by the top 1% rose to 39% in 1989, while the share held by the bottom 80% fell by more than one-fifth. This trend is reflected in financial *net worth*, which was distributed even more unequally than total household wealth.

In 1989, the top 1% of financially wealthy families owned 48% of the total. The top one-fifth accounted for 94% of total financial wealth, and the second one-fifth accounted for nearly all of the remainder. And the concentration of financial wealth increased to the same degree as marketable wealth. Furthermore, the top 1% of wealth holders received 62% of the total gain in marketable wealth between 1983 and 1989. The bottom 80% received only 1%. This trend was a shocking turnaround, Wolff says, from the 1962-1983 period, when *every group enjoyed some share of the overall growth in wealth*, and *gains were roughly in proportion to the share of wealth held in 1962*.

Income distribution also became more concentrated between 1983 and 1989. Most of the relative income gain went to the top 1%, whose share of total household income grew by 4%. Almost all the loss in income was felt by the bottom 80% of the income distribution.

Changes in the Structure of HouseholdWealth

Wolff focuses his analysis of structure on *demographic differences*, and *differences in the composition of wealth*. Households in the age group 45–69 are now the wealthiest group in the U.S., with those 70 and over the next wealthiest, and households under 45 the next. The average wealth of white and nonwhite households continued to converge, but the gap in average wealth between whites and nonwhites remained very large compared with differences in *income*, and the lower half of the wealth distribution for nonwhite households actually dropped behind the lower half for white households — strongly suggesting that wealth inequality for nonwhites has grown faster than it has for the general population.

Wolff says that *age* is clearly a predictor of wealth inequality in the U.S. In 1983, the average marketable wealth of families under age 45 was far below the overall average — that of families over 45 was well above the average. And there have been important shifts in relative wealth across these groups. Middle-age households gained at the expense of younger and older households. Racial differences are significant as well. Most of the gains in wealth for nonwhite households between 1983 and 1989 were experienced by the upper half of the distribution rather than those less affluent. Since 1970, for example, there has been no increase in the rate of home ownership among nonwhite families. While the gap in mean wealth between whites and nonwhites closed further during the 1980s, the gap in median wealth widened, reflecting a greater inequality in wealth for nonwhites. For the median nonwhite family, the differential is *large and growing*.

An analysis of the composition of household wealth tells us about the *ways in which households save*. Between 1962 and 1989, there was a major change, Wolff says, in the saving strategies of households. Savings from assets and equities declined from 52% of gross wealth to 38%, and savings from real estate and unincorporated business equity rose from 48% to 59%. Household debt as a proportion of net worth fell from 16.4% to 15% between 1962 and 1983, increasing to 16.5% in 1989. Owner-occupied housing was the most important asset in 1962, 1983 and 1989, but its gross value was no more than one-third of total assets, or its net value more than one-fourth. In 1989, housing represented 29% of the gross value of assets, and net equity in owner-occupied housing was only 20% of gross assets. Business equity and other real estate, and stocks, bonds and trusts exceeded gross house value as important assets.

Other Societies

Wolff's analysis of data from Europe is unsettling in terms of our vision of American society as the primary model of social democracy. Although measures of household wealth and associated indicators of wealth inequality differ across nations, Wolff says the evidence suggests that in the early part of the 20th century wealth inequality in the U.S. was comparable to that in Sweden, but lower than in the United Kingdom and the rest of Europe where the upper classes traditionally controlled most of the wealth. But by the late 1980s this situation had been reversed. *The U.S. now has a much higher concentration of wealth than the European Union.*

Wolff focuses his analysis on the United Kingdom and Sweden, because of the greater accuracy, comparability and availability of their data. What he finds is this:

- *A dramatic decline in the degree of individual wealth inequality in the United Kingdom between 1923 and 1974, with only minimal change from then on.* The share of the top 1% of wealth holders fell from 59% to 20% in that period; by 1990 it was 18%.
- *The same trend in Sweden*, although the decline in wealth inequality was more continuous; by 1990 the share of the top percentile was 21%.
- *A reduction in wealth concentration in the U.S., United Kingdom and Sweden until the late 1970s — but during the 1980s a sharp increase in the concentration of wealth in the U.S. and Sweden compared to the flat trend in the United Kingdom.* This occurred in the context of conservative economic policies in both the U.S. and United Kingdom, and a socialist government in Sweden. This leads Wolff to conclude that public policies in and of themselves likely do not explain similarities in the distribution of wealth.

Wolff made a separate study of France to compare the distribution of wealth between that country and the U.S., finding that the shares of the top 1%, 5%, and 20% were significantly higher in the U.S., indicating that wealth inequality is greater. This appeared to be related to the fact that French households retain a much higher proportion of their wealth in the form of owner-occupied housing, which is more equally distributed across the population than other assets.

Income vs. Wealth Inequality

Wolff wants us to understand that *wealth* inequality in the U.S. has always been greater than *income* inequality. The top 1% of *wealth* holders has typically owned one-fourth of total household wealth, compared with the 8% to 9% of share of *income* held by those at the low end of the income distribution. Thirty-seven percent of the total *real income gain* between 1983 and 1989 was realized by the top 1% of *income recipients*, compared to these recipients receiving 62% of the marketable wealth gain; 39% of the income gain went to the next 19% of income receivers, and 24% went to the bottom 80%, compared with income receivers receiving only 1% of the marketable wealth gain. *Eventually the top fifth of the American population received more than 75% of the total increase in income, and all of the increase in wealth!* The striking nature of these data reveal a worrisome chasm between social classes in American society.

Historically, the distribution of wealth and the distribution of income have been in parallel. Income inequality declined steadily during the Great Depression years and fell dramatically during World War II. A slight decline occurred between 1945 and 1953, followed by a sharp rise between 1981 and 1989. *In 1989 both the concentration of wealth and income inequality peaked*, the increase in both set a precedent, with the exception of the 1920s. Poorer households had seen their net worth decline at the same time their incomes were deteriorating.

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Interestingly enough, where there have been discrepancies between wealth and income inequality, Wolff finds a cause in the ratio of stock prices to housing prices. Stocks accrue primarily to the upper class, housing to the middle class. When stock prices increase relative to housing prices, the share of wealth owned by the most affluent groups increases. Wolff contends that the data confirm this explanation.

The Taxation of Wealth

In the U.S., household wealth is taxed by way of *capital gains* taxes and *estate* taxes. Individuals are exempted from taxation on the first $600,000 of wealth, and taxed at marginal rates beyond that exemption. Capital gains, which reflect the difference between the selling price of an asset and its purchase price when an asset is actually sold, are taxed at 28% as part of the regular federal income tax system. But capital gains that are included in a deceased person's estate are exempt.

European countries have a much more extensive system for taxing household wealth, incorporating a direct tax on wealth in addition to capital gains and estate taxes. The tax rates, however, are not high — a few percents at most. In most countries, owner-occupied housing is taxable, as well as bonds, stocks and shares, and unincorporated businesses. Most countries require an annual assessment of the total market value of personal property, even though the definition of market value is usually difficult to determine. In addition, most have a combination of death, gift, estate and capital gains taxes.

The Author's Recommendations

The remainder of Wolff's book provides data on the benefits of expanding wealth taxation in the U.S. Simulations suggest that a combined income-wealth taxation system may be more equitable than our current income tax system. Wolff claims that a *wealth tax* is surprisingly progressive, since the higher taxes would be born by older households, married couples, and whites — that is, those most affluent. However, he pursues answers to several questions about the probable effects of wealth taxation, particularly revenue incidence and distributional effects. Regarding the first concern, he finds the Swiss version of a wealth tax the most effective in raising funds. With respect to the second, since income and wealth are not highly correlated, he sees a new wealth tax as shifting the tax burden away from young households and toward more elderly ones, and from minorities to whites — again, those having benefited most and most able to contribute. *His position is that wealth taxes have important equalizing effects on the distribution of income, and these effects increase with age, are greater for married couples than for singles, and are stronger among white than nonwhite families.*

The author reiterates that "virtually all the growth in (marketable) wealth between 1983 and 1989 accrued to the top 20% of households," while the bottom 40% of households experienced declining wealth. *The disparity was made worse by the fact that a growing percentage of households had zero or negative net worth.* This phenomenon, Wolff says, creates urgency about the need for new government policies. The 1993 Congressional budget bill mirrored one strategy — an increase in marginal income tax rates for the wealthy. But these rates are still lower than at the beginning of the 1980s, and far lower than in the 1960s. And they are having only a modest effect on income inequality.

Therefore the author pleads for a *wealth taxation system similar to the Swiss direct taxation approach*. He points to arguments in favor of such a system that go beyond its function as a revenue-producing and equalizing tool: 1) income alone is not a sufficient gauge of well-being or the ability to pay taxes, and 2) an annual wealth tax may encourage individuals to transfer their assets from less productive to more productive uses. Wolff asks for *a wealth tax fully integrated with a personal income tax*, as in Switzerland. Politically, he says, such a tax on wealth would affect only a very small proportion of the American population while making an important revenue contribution.

Editor's Note

Readers interested in probing Edward Wolff's writings for more insights, please see:

Growth, Accumulation and Unproductive Activity: An Analysis of the Post-War U.S. Economy, Cambridge University Press, 1987.

As co-author, editor, or co-editor:

Productivity and American Leadership: The Long View, MIT Press, 1989.

The Information Economy: The Implications of Unbalanced Growth, The Institute for Research on Public Policy, 1989.

International Comparisons of the Distribution of Household Wealth, Oxford University Press, 1987.

International Perspectives on Profitability and Accumulation, Edward Elgar Publishing Ltd., 1992.

Convergence of Productivity: Cross-National Studies and Historical Evidence, Oxford University Press, 1994.

Balancing Growth with Economic Equality

For another perspective on inequality, we briefly review the main ideas and recommendations in *Growth With Equity: Economic Policymaking for the Next Century* by Martin N. Baily, Gary Burtless and Robert E. Litan, published by The Brookings Institution in 1993. The research supporting the book was sponsored by The Brookings Institution's *Center on Economic Progress and Employment*, which has published eight books and a series of *Brookings Papers on Economic Activity* since its establishment in 1988. *Growth With Equity* is the final volume published by the Center.

While the previous articles in this issue of *Evaluation Forum* concentrated our attention on economic and social inequality, these economists want us to look at the critical relationship between slow growth in the economy and increasing inequality. *What concerns them is the long-term performance of the American economy.*

The authors report that in the twenty-five years following 1948, output per person grew faster than 2.5% a year. This was high enough to double the average American's living standard in less than thirty years. Since 1973, however, output has grown only 1.2% a year, which means that the average American must wait twice as long to witness a doubling of his or her income. At the same time incomes have grown less equal.

The American economic pie has been getting larger far more slowly than it did during most of the postwar era. And the pie has been sliced more unevenly. In the next decade and beyond, the nation faces no more urgent an economic challenge than reversing these two trends.

A variety of problem-solving strategies have been suggested. Some experts advocate for a Japanese-style industrial policy emphasizing *investment in specific industries and lines of production* — through *subsidies* and *trade protection*. Others suggest *new investments in public infrastructure*. However, the authors imply that their own analysis shows that these tactics may actually slow economic growth. Meanwhile, they claim that Reaganomics contributed considerably to the increase in inequality.

The Trade-Off Between Efficiency and Equity

A major theme of the book echoes Arthur Okun's classic, *Equality and Efficiency: The Big Tradeoff*, published in 1975 by Brookings. Baily, Burtless and Litan want us to understand that some policies that hurry long-run economic growth are not consistent with the goal of greater equity, and some policies that improve equity may not be consistent with successful economic competition in the new global era.

The authors use freer trade as an example of this dilemma. More open trade is likely to motivate companies to raise their productivity to remain competitive, but it may also reduce American workers' earnings and employment opportunities. Trade protection can reduce the damage to workers, but may jeopardize economic growth.

Despite the authors' appreciation of Okun's major tenet, they also believe that growth and equity can be achieved simultaneously. They refer to abundant evidence that progress toward both goals can be accomplished at the same time. In fact, they see policies supporting both productivity and equity as being highly interrelated. In the 1960s, for instance, the U.S. experienced rapid growth and a sizeable reduction in income inequality. Policies that increase the skill level of workers, reduce social problems, ameliorate conditions that lead to low earned income among the least skilled, all contribute, they say, to economic growth. And they are convinced that policies that free-up trade relations, and policies that protect and improve the job prospects of workers harmed by freer international trade, can be pursued jointly.

Balancing the Equation

The authors acknowledge that productivity growth and improvements in living standards in an internationalized economy cannot occur without some level of *worker displacement*. Macroeconomic policies can minimize unemployment and stabilize inflation, but only if workers have the necessary skills to give them the flexibility required to move to new sectors of employment. Therefore they insist that public/private policies must address the occupational training issue.

Based on empirical evidence and the authors' concerns, a comprehensive program is recommended — a mix of policies for encouraging long-run growth that does not sacrifice equity. Their agenda flows from their own research and from a series of studies on the slowdown in productivity in the U.S. and the generally poor performance of the U.S. economy. This agenda responds to two major objectives:

1. **To increase economic growth as the main support for American living standards.**

What the authors mean is "a more rapid rate of advance in total output...and a faster rate of increase in output, holding constant the amount of inputs used to produce that output." This can be achieved, they believe, by *raising labor productivity*. The economy could produce more by working longer hours and placing additional people in poorly-paid jobs, but the added income would be worth less than the free time given up. So it is wiser, the authors propose, for the labor force to "work smarter, produce more goods, and deliver additional services, with the same level of work effort." When the authors talk about economic growth, they therefore mean the growth in *potential* output, "the output that can be attained when labor and capital are fully employed and inflation is not accelerating." Consequently, a primary goal must be to improve the *efficiency* with which the nation's labor and capital stock are utilized. This can be accomplished, according to the authors' agenda, through *advances in technology, improvements in managerial skills, and the upskilling of workers.*

2. **To reduce income inequality, particularly wage earnings.**

The goal is to achieve greater equality through a reallocation of the tax burden or through heavier reliance on government transfers such as public assistance. The authors advocate *deficit reduction*, focusing both *tax increases* and *spending cuts* on the group that has benefited most from long-term economic growth, namely *high-income Americans*. The authors place more importance on increased equality in pretax incomes than on a redistribution of money via the tax code. In this sense, their strategy of choice is *an increase in the job skills of low-wage workers.*

Recommendations

The authors' comprehensive strategy involves a large number of recommendations under several policy areas. Underlying themes are:

- The most effective way to increase economic growth is to increase the investment portion of national output — that is, increasing private/public spending that is oriented to future needs.
- The best strategy for equalizing incomes is to increase individuals' and families' net savings, sufficiently that these savings rise faster than private/public investments.
- It is imperative that there be increased investment in worker training, particularly for those lacking the kinds of labor market skills that are associated with higher-wage employment.
- Free trade and its openness of foreign goods, technology and capitol must be emphasized.
- Job losers must be afforded assistance in moving from shrinking to growing sectors of the economy to reduce the economic costs of dislocation.

Some of the recommendations regarding labor policies are presented in Figure 1.

Figure 1 ▪ Edward N. Wolff's Labor Policy Recommendations

General Recommendations	Specific Recommendations
The improvement of skill training within schools.	Encouragement to schools and employers to provide high school transcripts to potential employers.
	The requirement that all students take national standardized tests.
	The tying of salaries and promotions for teachers to the performance of students on standard tests.
The improvement of the skills of the current labor force.	The establishment of a public/private entity to develop tests and credentialing systems for noncollege occupations.
	The institution of a pay-or-play training requirement for non-college-education workers.
The development of improved R&D programs for public training efforts.	The development of a more systematic evaluation effort.
The encouragement of firms to link worker pay with company-level performance.	The creation of a system for measuring performance.
The upgrading of employment services.	The infusion of employment services with updated occupational information.
The establishment of a non-cause-related program of earnings insurance.	The conversion of the UI system to a multi-use system for different kinds of unemployment.

Economic Inequality: *A Comparative View*

In 1995, the Organization for Economic Cooperation and Development (OECD) in Paris published a landmark report, *Income Distribution in OECD Countries: Evidence from the Luxembourg Income Study*. The report provides dramatic information on postindustrial societies in which western youth are growing to maturity. The book-length report details the research questions, methodology and results associated with a series of analyses of data collected by the *Luxembourg Income Study* (LIS), supplemented by information from studies carried out by member countries of the OECD.

The LIS was begun in 1983 under the sponsorship of the government of Luxembourg and the Centre for Population, Poverty and Policy Studies in Walferdange. It is being funded on a continuing basis by the center and the International Network for Studies in Technology, Environment, Alternatives, and Development (INSTEAD), and by the National Science Foundations in member countries of the OECD. The main objective has been to create a database containing social and economic data gathered through household surveys in 25 countries, which can serve as a source of information for comparative studies.

The OECD report is authored by three economists who are associates of the INSTEAD — Anthony B. Atkinson of Oxford University in the United Kingdom, Lee Rainwater of Harvard University, and Timothy M. Smeeding of Syracuse University — who directed the analyses. The studies were conducted in cooperation with OECD's Economics and Statistics Department and its Education, Labour and Social Affairs Directorate.

The purpose of the analyses was to examine income distribution across OECD countries and compare the extent to which income is dispersed between households, adjusting for the size of households, international differences in real income, and (where sufficient data were available) the influence of property and employment incomes while accounting for direct taxes and cash transfers.

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The authors are quick to point out that not all the data available in the LIS databank cover the same time periods or are equally extensive. For eight major OECD countries, however, a substantial analysis of the level and trends in inequality was possible, and the results could be compared to national studies conducted within each of these countries. The researchers also acknowledge that there were a number of expected barriers to data comparability. Nevertheless, the LIS is viewed consistently by experts as the most comprehensive international study ever conducted in the industrialized nations. Furthermore, it avoids some of the definitional problems in previous comparative analyses, and is highly relevant given the growing interdependence of economic, social and political trends in the countries involved in the study, and the compelling interest in cross-national research on income distribution.

Trends Leading to Increased Policy Interest in Economic Inequality

It is now critical to explore similarities and differences in industrial nations' resource distribution patterns over time, and to understand how the market and demographic forces and public policies affect the relative economic status of various groups within these societies.

Such issues directly influence the future opportunities and potential long-term life quality of youth in these countries. Some of these influences had their origins outside government; others appear correlated with government policies. The authors cite the following important factors operating across OECD countries:

- The different experiences of these countries regarding macroeconomic performance, particularly in the 1980s.
- The expanding inequality in the distribution of earnings in several OECD countries.
- The general decline in the participation of men in the labor force, and the increase in early retirement, at the same time female labor force participation has been increasing and female wages have risen relative to male wages.
- The aging of the population, creating strong budgetary pressures on nations' safety nets.
- The large-scale demographic changes occurring, such as the growth of single parenthood.
- The changing form of taxation and income transfer policy, such as the lowering of the top income tax brackets in several countries and the reduction in benefit coverage and levels.
- The world-wide increase in returns on capital income and changes in the distribution of asset ownership, including privatization programs.
- Immigration, technological change, and the transformation of Eastern Europe.

Although the authors emphasize these changes, and independent studies have suggested that all of these forces impinge on the distribution of income, influencing the nature and level of income inequality, they do not credit their analyses with estimating cause-effect relationships. Accounting for the distributional effects of these trends, they say, is simply not currently possible.

The authors are straightforward also about barriers to data comparability:

- All comparisons were made in terms of intra-country relative measures, and did not have as a goal to seek absolute comparisons of levels of well-being in different countries.
- Certain microdata sets created problems regarding "interior vs. exterior" comparability.
- Using information covering only two years in some cases made it difficult to identify general trends.

In summarizing the section on data quality, the authors emphasize the following: 1) full comparability is impossible, 2) adopting a common set of definitions means that estimates for any one country may be less satisfactory than if each were isolated, and 3) standardizing through a common approach does not necessarily achieve comparability. Nevertheless, it is clear that the researchers cautiously identified the major problems and sought to adjust for them to the extent possible.

The Main Findings from the Analyses

Several approaches are used for reporting comparisons across seventeen postindustrial nations. The general conclusion is that the *Scandinavian countries, Benelux and Germany* exhibited the least relative inequality. The highest levels of relative inequality were recorded in the *U.S., Switzerland and Ireland*. There was a rise in the 1980s for the majority of countries studied, but this was not universal. Increases in measured income inequality were largest in the *Netherlands, Sweden*, and particularly in the *United Kingdom* and the *United States*.

The first comparative approach reported differences in median equivalent incomes per adult. For example, in the U.S. the median equivalent income per adult was $13,364 in 1986. For a family of four, this corresponded to a total income of $26,728. The equivalent income per adult at the lower quartile, 25% up from the bottom of the income distribution, was $8,240; the 25th percentile, expressed as a percentage of the median, was 61.7%. *The decile ratio in the U.S. was the largest value recorded in the income distribution for OECD countries.* The bottom decile was only slightly over a third of the median, compared with around 45% in Australia and Canada, and values in excess of 55% in Belgium, Finland, France, Germany, Luxembourg, Norway and Sweden. However, differences across countries were less dramatic at the top percentile.

Another approach was to express differences in terms of what proportion of the population is below specified percentages of the median — for example, how many people are living in households with disposable incomes below half the median. If 50% of average income is used as a standard defining "low income," and if "average" is measured by the median, then *the U.S. stood out with 18.4% of the population living in households below 50% of the national median.* The proportion with "modest" incomes, between 50% and 70% of the median, was lowest in the U.S. and largest in the U.K.

At the same time, in the U.S. the proportion in "well-to-do" households (above 150% of the median) was more than double that in Sweden. In the U.S., U.K., Italy, Ireland and Australia, about a quarter of the population is within the middle of the income distribution; in Sweden nearly 40% is in that range. In the U.S. there are more households in both the lower and upper income categories; in Sweden, fewer in those categories.

A third approach was to report differences in terms of shares of total income. Using this measure, the U.S. again reveals considerable income inequality vis-a-vis other western societies. *Average income in the U.S. would have to be higher by 50% if there were a more equal distribution of income.* In looking at trends in the distribution of income over time, the majority of OECD countries showed a rise in inequality, most particularly the U.S. and the U.K.

The Unique Methodology Used

Cross-national comparisons are frequently misleading because the data do not reflect comparable definitions of the measures used to study key variables. In the analyses of LIS and the supplementary national data, measurement issues were given unusual attention. The major issues were 1) the definition of *income*, 2) the definition of the *unit* and *population* studied, 3) the kind of adjustment made for *household size*, and 4) the kind of adjustment used to represent *inequality.*

The researchers recognized that the strategies used were not a perfect solution to the definitional problem. Nevertheless, they were resolutions supported by the 1977 United Nation's *Provisional Guidelines*. This directive outlined a standard structure for defining and collecting income distribution statistics via national reporting systems. For example, the authors acknowledged that the line between market and gross income was sometimes artificial. The only serious concern remaining was the exclusion of employers' contributions from wages and salaries to government occupational transfer programs, and rental income from owner-occupied housing. Also, measures of some variables were not available or complete. For instance, infrastructure, defense and protective services were excluded, as well as health, education and other in-kind subsidies. And the analyses counted only direct taxes such as national income taxes and payroll taxes paid by employers and the self-employed.

Some Conclusions

Despite understandable data quality and comparability problems, the OECD analyses take a giant step toward a better understanding of the differences in income inequality across postindustrial societies. The comparisons make a statement about the relationship between social democratic principles and economic equity. This statement is alarming with respect to the inequalities evidenced in the U.S. in the late 1980s, given the social polemics about egalitarianism. It is also an important commentary on our form of capitalism and the role of the central government. And it provides a context for discussing problems facing American youth, which should be taken very seriously.

From a 1990s report prepared by the Office ofTechnology Assessment, U.S. Congress

In 1993, approximately 7.3% of the U.S. population was young adolescents, ages ten through fourteen. Of these, approximately 20% were living below the federal poverty line. By the year 2000, more than one-third of all young adolescents will be members of racial or ethnic minorities. To compete in the global economy of the twenty-first century, America will need all of its young people to be healthy and well educated.

The average proficiency in science, mathematics, and writing among eighth graders was slightly higher in 1992 than it was in the 1970s. However, these performances have not improved enough to keep pace with the higher level of skills required in a global economy. In 1992, only 28% of eighth graders attained the proficient level in reading, representing solid academic performance at grade level. Two percent read at or above the advanced level, representing superior performance. The remaining 70% demonstrated partial mastery of the knowledge and skills required for proficient work in the eighth grade. In 1990, 7% of the eighth grade class of 1988 (most of whom were then fifteen and sixteen) were dropouts. By their senior year, 12% of this class were dropouts. Dropout rates vary by students' race/ethnicity: white (9.4%); black (14.5%); Hispanic (18.3%); Asian/Pacific Islanders (7%); and American Indian (15.4%). The personal economic consequences are profound. High school dropouts are unlikely to earn sufficient wages to support themselves or their families.

Commentary

Introduction

In this issue we place a magnifying glass over youth issues. We have asked the following group of experts on youth development, programming and evaluation to respond to a set of questions about youth problems and possibilities.

David E. Brown is a senior policy analyst with the *Center for Policy Research* at the *National Governors' Association*. Long interested in youth issues, beginning with a high school internship with one of New York's Youth Bureaus, he majored in Political Science and Urban Affairs at American University and received a graduate degree in public administration from Baruch College as a *National Urban Fellow*.

In the early 1980s, Brown administered federally-funded youth employment programs in New York and later coordinated education and work experience projects targeting economically and educationally disadvantaged out-of-school youth in New York City. In the late 1980s, he developed an employer-based career exploration and job preparedness program for at-risk teenagers. Working for the *Maryland Department of Juvenile Services*, he formulated policies and legislation to improve the responsiveness of the state's juvenile justice system. At the Center for Policy Research, Brown is concentrating on social policy, legislation and new initiatives in youth development, school-to-work, job training, youth violence, and community service.

Gary Burtless is a Senior Fellow in the Economic Studies program at the Brookings Institution in Washington, D.C. A Yale and MIT-trained economist, Burtless held positions in both the U.S. Department of Labor and the U.S. Department of Health, Education and Welfare in the late 1970s and early 1980s — in the office of the Assistant Secretary for Policy, Evaluation and Research in DOL, and the Office of the Assistant Secretary for Planning and Evaluation in HEW. He has been at Brookings since 1981, with the exception of 1993 when he served as Visiting Professor of Public Affairs at the University of Maryland.

His major areas of concentration have included labor market issues, income distribution, and public tax and transfer policies. His recent research has focused on the sources of increasing wage and income inequality in the U.S., the influence of international trade on income inequality, the job market prospects of public assistance recipients, and the reform of social insurance in Central and Eastern Europe and developing countries. During his distinguished tenure at Brookings, he has co-authored and edited several books and authored numerous articles on critical social policy issues.

Susan P. Curnan has been director since 1990 of the Center for Human Resources in the Heller Graduate School for Advanced Studies in Social Policy at Brandeis University. She is also an associate professor and chair of the Heller School's graduate program in Management of Children, Youth and Family Services. Her major work is in translating research and expert opinion into "best practices," the design and management of innovative national and local evaluations, and consultation on issues such as educational reform, workforce preparation and community development. Her interests extend also to strategic planning regarding youth issues and the monitoring of a clearinghouse and national electronic network on children, youth and families.

Curnan has been principal investigator of a four-year youth research project funded by the U.S. Department of Labor which synthesized research findings from a number of social science disciplines. She was principal consultant in the conceptualization and implementation of the Department of Labor's Youth Fair Chance initiative, and was chief developer of the Summer Beginnings National Work and Learning Network. In 1982 she was elected an Outstanding Young Woman in America in recognition of her professional and community service accomplishments.

Andrew B. Hahn is Human Services Research Professor and Associate Dean of the Heller Graduate School for Advanced Studies in Social Welfare at Brandeis University. He is also the senior faculty member associated with the Center for Human Resources, the director of the Heller Program on Innovations in Social Policy, and the director of the Rothman and Giddon Families Project on Media, Health and Social Policy. Most of his research and policy work has been in the areas of education, training and employment for disadvantaged youth, dropout prevention, and welfare reform. He was co-director of Career Beginnings, a national mentoring program for disadvantaged youth, and is involved currently with another large-scale youth project, Summer Beginnings.

Hahn has evaluated a range of youth initiatives for the Rockefeller, Ford, Clark and Lilly Foundations, recently completing an evaluation of the Quantum Opportunities program which focuses on youth development. He has been principal investigator for a number of multi-year national youth programs, and is currently principal evaluator for a national business/education partnership program, a national network of education and entrepreneurship programs, a high school program in Baltimore, and a project to examine federal youth policies.

Robert J. Ivry is Senior Vice President for External Affairs and Development at the Manpower Demonstration Research Corporation (MDRC). He is an expert on a range of policy issues, particularly youth employment policy. At MDRC he is responsible for developing and implementing many of the research firm's major demonstration projects, and for disseminating the results and recommendations flowing from evaluations of these demonstrations to policymakers and practitioners. He has been involved with a number of youth demonstrations such as JOB START, New Chance, Career Beginnings and Project Transition — their development, implementation and evaluation. He was instrumental in broadening MDRC's research focus to include the evaluation of innovative school-based reforms beginning with the School-to-Work Transition Study. And he led the team conducting an experimental evaluation of Career Academies, the first such study of one of the options under the school-to-work legislation.

Ivry's career has combined project management with policy research. In the 1970s he managed the mayor of Baltimore's Youth Services. Moving to MDRC in 1980, he took part in the management of the 1980s' Youth Incentive Pilot Projects, the largest national youth employment demonstration ever funded by the U.S. Department of Labor. He has since been involved with a range of policy initiatives in education and employment for disadvantaged youth, school dropouts, teen parents and youth in welfare families.

Christopher T. King is Research Scientist and Associate Director of the Center for the Study of Human Resources in the Lyndon B. Johnson School of Public Affairs, the University of Texas at Austin. At the Center since 1980, King has conducted numerous research projects in the areas of education, training, welfare and employment. His current research focuses on the implementation and impacts of the JOBS program and related welfare initiatives, and on outcome measurement and school-to-work issues.

He has taught labor economics, human resource management and policy analysis at the University of Texas, Southwest Texas State University and the University of Utah. He was Chief of Research, Demonstration and Evaluation for the Texas Department of Community Affairs and the Governor's Office, initiating an experimental evaluation of Texas' dislocated workers program. In addition he was principal editor for the U.S. Department of Labor's Advisory Committee report, *Working Capital*, and authored *Cross-Cutting Performance Management Issues in Human Resource Programs* for the National Commission for Employment Policy. He has served as a consultant on performance measurement and management issues for a number of government and private sector agencies and organizations.

Gary Walker served as president of Public/Private Ventures in 1995, and as its executive Vice President between 1986 and 1994. Public/Private Ventures is a private nonprofit research and demonstration organization in Philadelphia specializing in youth programming and evaluation. He was formerly founder and partner of Grinker, Walker and Associates, Inc. in New York, a private sector research firm. Between 1981 and 1983 he was Senior Vice President for program development at the Manpower Demonstration Research Corporation in New York, and held other managerial positions in MDRC between 1974 and 1983.

A graduate of Yale Law School, Walker began his career with a New York law firm, then became president of a legal service firm, and subsequently served in supervisory positions in the Vera Institute of Justice in New York. He is the author of a number of policy analyses and evaluations focusing on youth, and a consultant to The Ford Foundation and other national foundations. He currently serves on The Aspen Institute Roundtable on Comprehensive Initiatives for Children and Families, and is a member of the Urban League's Advisory Committee on Youth Development.

Alan Zuckerman is Executive Director of the National Youth Employment Coalition, which involves eighty member organizations. The Coalition's purposes are to improve training capacity and prepare youth to become productive workers, to serve as a clearinghouse for information about successful youth development programs, to provide a forum for exploring alternative youth employment policies and strategies, and to create a support network for the youth development organizations.

Zuckerman has developed policies and implemented programs in employment and training for the U.S. Department of Labor, the Council of the Southern Mountains, the Opportunities Industrialization Centers of America, and the Home Builders Institute — and Temple University, where he has taught courses in manpower and youth development. He has been a consultant to the governors of New Jersey and Pennsylvania, the President's Committee on Manpower, the National Commission for Employment Policy, community development agencies and public housing authorities. A long-time advocate for improved efforts to assist young people in developing their potential, Zuckerman has written numerous articles on youth employment, service delivery and computer communication.

Expert Panel Responses

Question: *What major problems do you feel American society is facing in the 1990s regarding youth development, education, occupational training and employment?*

David Brown

Look at this quote:

> What do our children and youth face today? Frustration, insecurity, fear, despair, resentment, confusion, and lack of opportunity. We must not let these difficult years rob our young people of hope.

This statement by the General Secretary of the National Child Labor Committee describes contemporary circumstances, yet it was made on April 26, 1939 during the *Conference on Children in a Democracy*. This national meeting — hosted by the first U.S. Secretary of Labor, Frances Perkins — was opened by President Franklin D. Roosevelt and First Lady Eleanor Roosevelt. The ominous rise of fascism and communism across the globe in the 1930s and the combination of widespread youth idleness, unemployment and despair in America heightened anxieties about the commitment of American youth to democratic principles. However, many of the pressing youth problems addressed by the 1939 conference were ameliorated in large part by the onset of World War II. Most young people were, for better or worse, actively engaged in the war effort. Subsequently, many of the young of that era who survived the war were the beneficiaries of the greatest single federal investment in postsecondary education — the GI Bill — and the unprecedented postwar economic expansion.

Today, many of our young people are once again facing frustration, insecurity, fear, despair and resentment. Without promising prospects for their futures, hope has again become an increasingly rare commodity among many young adults, particularly those residing in urban and rural communities. Increasing levels of youth crime and violence, and the seemingly inexplicable allure of gangs and paramilitary hate groups among many youth, are indicative of a prevalent loss of hope. States have experienced a continued rise in the social and fiscal costs of the nation's inability to effectively absorb many of its youth into the economic and cultural mainstream. Drug-related murders, gang activity and malicious hate crime have plagued communities. High rates of teenage pregnancy continue to arrest the development of many adolescent girls, foster irresponsibility among teen fathers, and impair the development of the next generation of children.

This time, however, there is no national challenge as formidable as World War II or a federal program as ambitious as the GI Bill on the horizon capable of once again positively engaging vast numbers of the nation's young people. Furthermore, America is no longer the singular economic powerhouse it was after the war. Today, U.S. companies must compete aggressively with their foreign counterparts to retain their share of international trade.

Gary Burtless

Young people in the United States face one main problem in getting established in the work force — finding a source of training that is widely recognized as effective. An increasing percentage of young people attempt to solve this problem by enrolling in highly-regarded two and four-year colleges. This solution probably works for the majority of students who enroll and complete college. But for many teenagers college is not a satisfactory solution to their problem. They may have failed to perform well in secondary school classrooms, so it is doubtful whether a college classroom will offer a better venue for training. What these youngsters need is a source of hands-on occupational training that is highly regarded by employers. There are very few sources of such training outside the college classroom.

Youngsters who do not fare well in college do not have good training opportunities in the private workplace. Few employers are willing to take the risk of investing in high school dropouts or high school graduates who are in their late teens or early twenties. As a result, many job market entrants who lack a college degree are destined to go from job to job without obtaining much occupational training in any of them. There can be little doubt that this school-to-work "system" leaves many youngsters unprepared to earn a good living.

Andrew Hahn

The major problem we face regarding the "human resource" challenge is that as a nation we have not and do not take seriously the development of *a local infrastructure* to help young people make developmentally appropriate transitions into the mainstream of society. The job training/youth development/second chance education "field" is really a constellation of small professional efforts operating on the margin of most communities' efforts. While this generalization certainly has many exceptions, the fact is that we do not take skills training in the public and not-for-profit spheres very seriously. It is an undercapitalized field serving only a fraction of the universe of need and eligibles. There are few professional certification standards, and program quality measures are rarely widely used and accepted. Evaluations of programs, with some important exceptions, continue to reinforce the image that these programs are ineffective and do not matter.

Skill training for the disadvantaged has always been a small enterprise. It is now in retreat, and even among some advocates there is the feeling that it might be better to experiment with *consumer choice models* (e.g., skill grants) than invest in "programs." Public education enjoys a property tax form of financing; in job training the financial base and very mission of the enterprise is still debated. This shows how much work is still required to get workforce development policy and programs firmly embedded in our local communities.

Rob Ivry

As we approach the next millennium, the state of America's youth is precarious. Stories abound in the press about youth alienation and apathy, juvenile crime, stagnant or deteriorating test scores, persistently high dropout rates, youth joblessness, and teenage pregnancy. The largely discouraging results from studies of youth employment and training programs have overshadowed the success stories and are often generalized to indict all social investments for young people. Proposed policies to block grant federal welfare and workforce development dollars to states and localities is taking the country into uncharted waters and runs the risk of exacerbating these problems. The unintended consequences for the health and economic well-being of young people could be devastating. Youth programs are likely to get caught in the triple squeeze of reduced funding, non-targeted funding for youth from low income families, and the competition for resources between programs for adults and programs for youth. Since young people are not a voting constituency, they are likely to get shortchanged on resources and services.

One of the challenges youth advocates face is to change the public mindset, to view young people as a resource and asset to be nurtured and cultivated rather than a liability to be ignored or vilified. What often gets obscured in the blizzard of negative youth statistics is the incredible resiliency of young people, despite overwhelming circumstances. For example, contrary to the stereotype of teen parents, there is evidence that many young mothers on welfare remain in school, work and enroll in training programs despite facing formidable personal and situational problems. Public support for education and crime prevention provide a rallying point for policymakers to overcome their shortsightedness and enact policies which support the development of young people from adolescence to adulthood and from school to work.

There are several compelling reasons why investment strategies are imperative. *First,* there is a broad-based consensus that our nation's productivity and international competitiveness hinge on helping young people — our future labor force — become skilled workers. This is one of the reasons why the School-To-Work Opportunities Act of 1994 passed with bipartisan support, and why the nation's governors agreed at the education summit meeting in March 1996 to encourage states to set skill standards. *Second,* the public costs associated with disconnected youth, in terms of outlays, lost productivity and reduced taxes are exorbitant. *Third,* the public investment in knowledge development over the past twenty years has the potential to pay dividends if the terms of the debate can be changed from "why have programs failed?" to "how can youth programs be more successful?" While the results of most youth programs have been discouraging, especially for young people who have dropped out of school, there are some beacons of proven effectiveness. The challenge is to promote policies which enable states and localities to build upon and expand these successes while encouraging further experimentation, so that the repertoire of proven programs can grow.

Chris King

Undoubtedly, every generation of youth has had to face its own unique set of major problems since the beginning of time. In this century, they have had to deal with massive urban migrations and the disappearance of rural family life, an all-encompassing economic depression, world wars and divisive "conflicts." This generation is now encountering its particular set of problems. Coming as they do after a uniquely prosperous era in our history, these problems must appear especially daunting.

First among these problems is the fact that a job no longer carries with it what it did for these young people's parents and their parents' parents. For most, a job once meant a career, a sense of identity and belonging, a steady rise in earnings — and an array of associated health, vacation and other benefits, as well as long-term economic security at work's end. Getting a good education, working hard and playing by the rules brought these things and more. Today, young people are watching as most of this picture fades from the screen within a time so short they can catch it even with the shortest of attention spans.

Peter Capelli ("Rethinking Employment," *British Journal of Industrial Relations*, forthcoming) and others have suggested that career paths by occupation have become truncated, and where they still exist their beginning rungs are no longer inside the firm. Rather they are located within temporary services. Many young (and not so young) workers now find that they must set out on their careers working as contingent workers hoping to secure a more steady second-rung job with a "real" employer. Moreover, as they go on, employers are no longer providing the training which once accompanied these jobs, nor are they maintaining the institutional memory of them which older workers brought to bear, so that young workers have access to the type and level of human capital investment tools within firms which they would have had before.

Second, and related, is that even most workers who have been holding onto their jobs are watching as their earnings decline in value. A now well documented and expanding gap exists between those in the top reaches of the labor market and virtually everyone else (Burtless, Danziger, Gottschalk, and many others). Youth must be facing increasing pressure in poor families to drop out of school to help make ends meet, especially in light of the diminishing and less dependable safety net.

Third, whether at the national, state or local level, government budgets are severely squeezed. Not surprisingly, governments are attempting to divest themselves of, or cut back on, some of their primary functions. The enormous and unprecedented peacetime deficits of the 1980s are at the heart of this phenomenon. The recent school-to-work initiatives are a prime example of this trend. The federal government essentially has promised only "seed" money for this initiative, explicitly expecting the financially-strapped states and localities to step in with full subsequent funding. This is despite widespread recognition that poor and unstructured transitions from public school to higher education or to work on the part of our youth is truly a national problem of considerable magnitude (Commission on the Skills of the American Workforce's 1990 report, *America's Choice;* and Ray Marshall and Bob Glover, 1994).

Fourth, the nation seems to be moving into a period of intolerance and mean-spiritedness. This is unprecedented in times of high growth in Gross Domestic Product (GDP) and productivity, and relatively low levels of unemployment and inflation. Any number of groups appear to be singling out minorities, homosexuals, immigrants, welfare recipients and single mothers and their families as objects of scorn, derision and out-and-out hatred. Ironically, national and state executives and legislatures are rapidly rushing to hold individuals and families "personally responsible" for their social and economic misfortunes, even as the world's economies have so clearly become intermeshed at all levels and in all dimensions, and people's control over their lives diminished. Note that some of the fastest growing groups in our country, now and for the foreseeable future, are the very ones who are the focus of this intolerance.

Educational institutions are now expected to play roles which would have been inconceivable just a generation or two ago. Schools must educate for democracy and citizenship as well as playing a major role in preparing youth for work and careers. They also are serving as health and parenting skills educators, child care facilities and social halls.

Gary Walker

For a large and increasing number of youth, the basic forces in their "natural" surroundings — family, neighborhood, friends, school, employers, connections to the larger world — are weakening simultaneously. Quite unwittingly, our society has become steadily less hospitable to the healthy development and transition to adulthood of its youth. That is the most fundamental problem we face.

In addition, our society has in its historical and cultural roots a deep ambivalence about direct government intervention in social issues. That ambivalence is particularly evident regarding social and economic equity policies. We do not consistently exercise the commitment or good sense necessary for government policies and resources to help rebuild the basic positive forces in many youths' lives. We have a hard time seeing public social policy as an integral part of what it takes to keep a complex free market and individual-oriented society hospitable to healthy youth development. Worsening conditions for youth, and an ambivalent attitude about using public policies and funds to improve those conditions, are a serious pair of obstacles.

Alan Zuckerman

Andrew Sum, of Northeastern University, observes that economic adolescence has been extended until the age of thirty. This is happening at a time when wages for all but the top 20% of wage earners are going down and young people are working fewer hours. As a result, conventional wisdom about young people's entrance into the labor force must be tempered by the cruel reality of the contemporary labor market. According to Dr. Sum:

- There are 3 million dropouts ages 16-24 — 2 million dropouts are unemployed.
- The average number of weeks worked by 17-21 year olds has dropped slightly for all young people and plummeted for African American male dropouts to 20.9 weeks a year. (The average for African American male high school graduates is 35.3 weeks compared to 40.5 weeks for all high school graduates.)
- Real annual earnings for 17-21 year olds fell between 1973 and 1994 by 38% (to $4,968) for male dropouts and 25% for all male high school graduates (to $10,180).
- For 20-29 year olds, mean earnings for male dropouts fell 42% (from just under $20,000 in 1973 to $11,223 in 1994).
- According to Doug Besharov of the American Enterprise Institute, 10% of America's youth (ages 16-23) are "disconnected" — not in school, not in the military, not working, not married for at least one year.
- For women, the rate is 34% of African Americans, 21% of Hispanics, 9% of whites.
- For men, the rate is 23% of African Americans, 13% of Hispanics, 7% of whites.
- The long term impact of being a "disconnected youth" is:
  - 50% are poor.
  - Income 50% lower than never-disconnected.
  - Less likely to have health insurance.
  - Less likely to have ever worked for a full year.

Lower wages and a later entry into full-time employment makes it difficult to achieve the *American Dream* — getting a job, raising a family and living happily ever after. For too many young people, work is sporadic and low paying, leading nowhere. This reality destroys motivation and limits aspirations. Without faith in the future, many young people drop out of school and fail to invest in building their work-related skills.

Question: *What socio-economic, political, demographic and cultural trends in American society do you think have contributed most to the development or exacerbation of these youth problems?*

David Brown

Over the past few decades, the nation has responded to the problems of its most vulnerable youth by initiating myriad crisis-driven and narrowly-focused prevention and intervention programs. A recent General Accounting Office report asserts that "The federal response to the problems of delinquent and at risk youth is currently manifested in 131 separate programs administered by 16 departments and agencies. Many of the programs are authorized to fund multiple services and are targeted towards multiple youth groups, creating the potential for program overlap and duplication of services."

Most of these programs target defined segments of the nation's young people: those exhibiting behaviors or experiencing problems commonly associated with a specific adolescent "pathology" (e.g., delinquency, substance abuse and pregnancy), or those deemed at risk for developing such behaviors or problems. Interventions frequently occur after a problem has surfaced, rather than seeking to prevent the problem from occurring in the first place. They often fail to address the psychosocial developmental needs of youth. This categorical, uncoordinated and fragmented maze of federal programs confounds local service delivery and promotes delayed intervention rather than holistic prevention. Moreover, these programs have not significantly reduced the problem associated with adolescents. In many communities, the problems have increased despite intensive interventions.

Since the dawn of this century, we have continued to postpone the age at which young people are expected to assume adult roles. Yet one of the most commonly overlooked developmental imperatives of adolescence is the need to be valued, to have a useful, meaningful and respected role. Since in many instances the family and the community do not provide such opportunities, young people seek and find validation, status and respect from their peer group. However, when unguided by parents or other adults, the norms, values, expectations and behaviors of the peer group often undermine years of parental socialization. For most youth, it is within the peer group that relationships with the opposite and same sex are developed, new roles are tested, status is achieved, independence asserted, and identity eventually established. Concurrently, much of the antisocial and self-destructive behavior engaged in by adolescents occurs within the context of peer group activities or before a peer audience. These behaviors, though often considered deviant by adult standards, generally fall within the accepted boundaries of the peer group's norms. The need to be accepted and to achieve status among peers has proven to be a powerful and, to date, virtually unchallenged force during adolescence.

The continued weakening of family and community social support systems, coupled with the dearth of programs or strategies promoting overall youth development, have placed many of America's young people "at risk." Due partly to family breakdown and increased feelings of alienation, many youth are engaged in self-destructive behaviors, including delinquency, substance abuse and early childbearing. Furthermore, increasing numbers of the nation's youth are growing up in poverty and with dysfunctional families or single-parent families. Many have little hope for a better life and limited opportunities to develop to their full potential. As the prospects for decent-paying jobs have eroded for many poorly educated youth, so has their faith in the system. However, the increasing reliance of states on secure confinement to address the failures of our youth-serving systems, coupled with the cuts in funding for preventive programs, are depleting state resources, just as the nation's youth population is about to surge again in the latter part of the decade.

Gary Burtless

The problems faced by non-college-bound youngsters have been exacerbated by the strong growth in demand for highly qualified workers. This trend is evident in widening wage disparities between workers with college degrees and workers who have not received any education beyond high school. The trend is also evident in widening disparities between the wages received by workers who have just entered the labor force and workers who have had fifteen or more years of job experience. Both educational qualifications and lengthy work experience are more highly prized today than they were two or more decades ago.

It is more important than ever that workers obtain good occupational credentials, but young workers without a college degree find it harder than ever to find employers willing to invest in the kinds of credentials that actually would help their young workers. Young people with less than a college degree have paid a heavy price for this deficiency in our training system. They have suffered steep wage declines in comparison with youngsters who had similar levels of education but who entered the work force twenty or more years ago. This has put heavy pressure on parts of the American social safety net that serve young adults and their children. Over time, the nation has seen growing caseloads for food stamps, AFDC, Medicaid, and other public benefits targeted on poor families with children.

Andrew Hahn

I am not particularly skillful about identifying the trends that have contributed the most to the development of social problems and the exacerbation of youth problems. Professor William Julius Wilson has discussed the outmigration of middle class people from inner cities; the rise of a highly estranged group of people isolated in poor neighborhoods; the changing structure and location of jobs — not to mention the unintended effects of affirmative action and civil rights, which may have contributed to middle class flight, and the changing structure of families with the associated challenges of single parenthood and illegitimacy. I think life is too complex to disaggregate genuinely these relationships, although social scientists enjoy trying to do so. I do think a trend worth noting is how the preceding social and economic movements have touched the program sphere. Consider that too many talented people have outmigrated to the suburbs, afraid to work with young people in our inner city neighborhoods. Program staff in workforce and community programs are often disconnected from highly estranged youth, and do not know how best to help them combine *hard skill* training with *soft* and *life skill* training. The "background" problems of family life and poverty are so severe that many young clients bring a bundle of problems that "single purpose" short-term programs have a difficult time addressing. The point is that the same trends that can be identified for the country as a whole affect workforce development programs. The latter are both part of the problem and the solution.

Rob Ivry

Several interrelated factors have contributed to the increased vulnerability of America's youth. *First* is the rapidly changing labor market. Over the past several decades, the relatively high-paying, low-skill manufacturing jobs that provided gateway employment for generations of young Americans, including those lacking a high school diploma, have disappeared. The skill requirements for today's entry-level jobs are more demanding and the so-called "youth jobs" which do exist, generally in the retail industry, are often part-time, temporary, low-wage positions that do not pay benefits. This accounts for a widening income gap between young people with post-secondary degrees, young people with high school diplomas, and high school dropouts.

Second, the combination of the growth of single-parent households and a greater proportion of households where both parents work reduces the amount of time for parental guidance and support.

Third, an increasing proportion of poor youth in urban areas are disconnected from schools and the labor market and isolated from adults who work. Urban schools have been resegregated based on "white flight" and residential housing patterns. The enrollment of students of color has grown to about 75% in urban schools. Poor urban youth are physically isolated from job growth opportunities in the suburbs, and public transportation is inadequate to enable many young people to get to these jobs. These youth often know few people who work at steady, full-time jobs, and thus lack access to job networks that middle and upper class youth use to connect to jobs.

Fourth, the recently enacted welfare reform legislation may place added strain on poor families and place added responsibilities on young people from households receiving welfare. In the presence of time limits on cash assistance and work requirements, young people may have to watch younger siblings, or drop out of school to work, in order to contribute to household income. Finally, the demographic trends reveal a forthcoming bulge in the youth population, with an increasing proportion from low income families. Unless the public commitment changes, the problems confronting young people in schools and in the labor market could worsen.

Gary Walker

The fact that it takes increasingly more time, energy and good luck for adults to make a decent living is the major social trend that weakens the basic forces which support healthy youth development. Adults are not focusing, either privately or publicly, on what their youth are facing and what they should do to assist them, because their own commitments, stresses and worries have increased. This relatively recent economic squeeze on adults exacerbates a longer cultural trend toward isolating age groups, and letting youth's lives proceed without much interaction. The combination is devastating: youth simply do not get enough time and attention from adults, and our society poses ever more complex challenges for youth to grow up healthy and make the transition to adulthood successfully.

The recent emergence of a strong political force which holds that almost every challenge and problem in an individual's life is individual and private rather than social and public in nature, is also a powerful obstacle to providing youth with the supports, direction and opportunities they need. Though this view has the potential to bring about a stronger sense of responsibility for youth at the individual, family and community level, for many families and neighborhoods in many areas of the country that will simply not be sufficient. Public action will be necessary also. This political force combines with a genuine concern for public budget deficits to further limit the possibility of strong public policies toward our youth.

The increasing geographical distance of poor urban and rural communities from areas of job growth further hinders the ability of families and communities to undertake alone, without public intervention, the building of supports and opportunities their youth need. This phenomenon not only limits adults, but also presents to youth a formidable, limited and depressing view of what their future prospects are and how much the larger society cares about them.

Our devotion to free markets and freedom — our hallmarks and strengths as a nation — have backfired regarding healthy youth development. Weapons, drugs — and a media devoted to the sensational, the negative, the purely commercial — these consequences of our freedom have helped shape an environment which requires more and stronger adult and institutional interactions with youth, at the exact time that such supports are getting weaker. We are confused about what to do, since we do not like to limit adult or corporate freedoms, and do not have much precedent for doing so, even for the good of our own youth. So we focus on exhortation, not public action.

The fact that so many of the youth most affected by the above trends are of color, and from poor families, only exacerbates our confusion and unwillingness to act. These are the groups we are quickest to hold individually accountable for their problems and difficulties. We find it difficult to arrive at balanced accountability between the individual and the larger society. Thus it is hard for us to acknowledge that these forces and trends are having negative effects on a larger share of *all* youth, regardless of their color or socioeconomic status. And it is difficult for us to recognize that our *collective social accountability* for helping our youth face this world is not being addressed.

Alan Zuckerman

Youth are becoming even more isolated. Adolescence is lasting longer as the transition to work and a stable family structure occurs later in life. Single-parent families and two-wage-earner families often mean that young people lack a constructive relationship with an adult. This is coupled with rapid changes in the economy and work, which mean many young people are facing career preparation decisions without the counsel of a knowledgeable adult.

Lacking information, feeling unwanted and seeing a future of short-term jobs paying poverty wages, many young people have little hope of getting a good job. Lacking hope, some young people drop out of school and further diminish their opportunities. Leaving school has always hurt one's chances for getting a job, but the reduced investment in "second chance" programs eliminates opportunities for the most at-risk young people. Youth do not vote and are out of the mainstream. Taxpayer revolts have reduced funding for education and increased tuition and fees. Low income young people have less chance than they had before. The erosion of opportunity for young people creates competition among youth and between groups of young people. Black and white, Anglo and Hispanic, urban and suburban, young women and young men are all competing for scarce resources — education, jobs, other support.

Finally, the criminal justice system is becoming the principal youth-serving agency in this country, and it creates a self-fulfilling prophesy. Young people are arrested in even larger numbers and more of them go to jail. In jail, they are offered little or no youth development or workforce development opportunities and they become apprentice criminals. The cycle is repeated for far too many youth, until they are incarcerated for long terms or finally find an alternative.

Question: ***What do you feel have been the effects of these trends in the 1990s regarding 1) the nature of the American workforce in the 1990s, given the global economy in which the U.S. must now compete, and 2) the integration of American youth into that workforce?***

David Brown

Career opportunities for many of our nation's young people (and their parents) are seemingly evaporating before their eyes. To remain competitive in the global economy and to satisfy investors, American businesses have slashed labor costs through drastic downsizing, wage and benefits cuts, plant relocations, and the hiring of contractual, part-time and temporary help. Each of these cost-cutting strategies contribute to the uncertainty and despair faced by America's emerging labor force, its youth. The well-paying and relatively secure low-skill jobs that enabled earlier generations of marginally-educated young Americans to support families, purchase homes and raise their economic and social status have virtually disappeared.

The nation's changing job structure has also contributed to increasing economic inequality based on educational attainment. The gap between the average wages of the high school graduate and the college graduate has continued to grow since the mid-1970s. Public schools, which adequately prepared the vast number of young people for careers in the low-skilled manufacturing jobs generated by an industrial economy, have not kept pace with the increasing expectations and skill demands of the postindustrial economy. Secondary education in America is unapologetically focused on the college-bound, while the remaining majority are too often offered little relevant skills or preparation that will enable them to successfully enter contemporary labor markets. The limited value of the high school diploma is demonstrated by the fact that high school dropouts with eleven years of schooling do not fare any worse than their peers who complete high school or achieve a GED but do not pursue postsecondary education or training.

At the recent National Education Summit convened by the National Governors' Association and IBM in Palisades, New York, summit co-chair Louis Gestener, Jr., the CEO and Chairman of IBM, stated: *"In an increasingly global economy, I am not liking our (America's) chances."*

Indeed, we are already seeing the results of the collapse of our public schools, and all of us — states and businesses alike — are bearing the costs of failure. Many of the nation's leaders concur that if the United States is to maintain its preeminent position in the world economy and in terms of the standard of living enjoyed by its citizens, strategic initiatives need to be undertaken jointly by the public and private sectors that will improve the transition from school to work and enable young people to make productive contributions to the economy. However, the dominant theme of American education, which asserts that a four-year college education is the only reasonable track to economic self-sufficiency and social status, stands as a persistent barrier to developing additional career pathways for secondary-school students.

Gary Burtless

As a result of trends that have adversely affected less-educated labor force entrants, young men (and young women with very low levels of schooling) earn substantially less than young people, with similar qualifications, earned twenty years ago. The loss in earnings has probably delayed the age at which they marry and may have delayed the age at which they first have children. Adolescence has been extended for many young people so that it now includes the late teens and early twenties. Young people have been forced to live with their parents longer, because the job market offers no obvious way for them to earn enough money to support themselves.

Andrew Hahn

I would not want to hypothesize that the globalization of the workforce in the 1990s is the single most important culprit for the problems that many young people experience. I do know, however, that recent research from *Child Trends*, as well as Rand's Jacob Klerman, show that many young people can be identified in their twenties as suffering the long-term consequences of estrangement or disconnectedness begun in the latter part of high school. During the high school years they have been out of the workforce and out of school, and this has had rather dramatic effects a few years later. On the other hand — and this may confuse readers — even among young people disconnected during the high school years, the really horrific outcomes experienced among young adults in their twenties is concentrated in those who have had the most severe problems during the high school period. Put differently, many children — perhaps up to a third — suffer from a lack of engagement with mainstream institutions. But even among the one-third, a smaller group faces incredible trouble as early as the early twenties.

I do not think the policy implications of these concentration effects have persuaded policymakers. Age-appropriate targeting, prevention beginning with middle-school age youth, and income targeting are themes that attract considerable ambivalence. Targeting, many believe, is for racial and ethnic minorities (the "undeserving" poor?) or it produces, in their view, stigma that damages all programs — or perhaps Americans believe that targeted programs are lower quality programs. Simply put, universalistic programs are more palatable to policymakers. This is certainly the case with the several Congressional proposals for a new workforce development system for young Americans. To summarize, our research is showing that only a minority of the poor suffer really awful long-term effects, yet our policies are generally turning away from these groups.

Chris King

Several effects should be mentioned.

- *Increasing alienation and resentment.* As youth/young adults see their parents being punished rather than rewarded for their hard work and years of playing by the rules, it is becoming increasingly difficult to convince them that they are wanted and necessary in today's economy and society. If the rewards are lacking for them and for their parents, while a smaller and smaller proportion of society is reaping incredible gains, rising resentment must surely result.
- *Declining motivation.* Similarly, these trends affect youth's motivation for planning ahead, postponing immediate gratification and investing in their futures whether through an education or a series of jobs. Certainly, as we have seen, not all jobs require a college diploma, but most jobs should hold out the prospect of a living wage and for some chance of advancement over time.

Gary Walker

The effects of these trends are now becoming evident: more youth, especially in poor and working class communities, are without the technical and social skills, and the "connections" necessary to make a good living. There is also more youth crime in those areas, of course, and disengagement from conventional values. The most vivid way to understand how difficult it is for today's youth to find their way into this economy with some expectation of "success" is to look at what middle and upper class families are devoting, in terms of their financial resources and connections, to helping their youth pursue an upward economic path. Adults with good incomes are spending more money, and worrying much earlier in their children's lives, to ensure their economic futures. They send their children to private schools and universities at great cost, and also spend a great deal of money to provide them with the recreating and other positive supports they need. If that is the realistic model of what it takes to integrate young people successfully into the workforce, we should be very sobered about the prospects for a high percentage of American youth.

Alan Zuckerman

Fewer young people are being integrated into the American workforce until their late twenties, when they are more mature and have higher level skills. Those lacking education are more often relegated to long-term low-wage jobs with little opportunity to enter a career that pays a living wage. The gap between young and old, rich and poor, employed and unemployed grows. More young people are poor and remain in the secondary labor market until their mid-to-late twenties. School-to-Work has the potential to ease the transition to employment for some young people, but the scale is not yet sufficient to reach its goal of "all youth."

Question: ***What social policies and program strategies over the past decade or so do you feel have been the most effective in enhancing the life chances of American youth, and in resolving or mediating youth education, training and employment problems —based on insights from competent policy analyses and evaluation research?***

David Brown

Although many of the recent evaluations of youth programs have been discouraging, many of the findings should not be surprising given the nature of the predominant narrowly-focused, short-term and deficit-driven approaches. Research suggests that short-term programs that focus on improving job search skills or that simply offer remediation or GED preparation at best have short-lived success, and they do not adequately prepare many youth for success in the labor market. However, some recent research has demonstrated that *comprehensive* and *developmentally-oriented strategies* can yield more positive outcomes.

- *Community service:* research has demonstrated that young people who engage in service to their community display higher levels of "prosocial development." One study found that service participants experienced significant decreases in truancy, deviant social behavior and disciplinary problems.
- *Sustained supports:* research conducted by the Heller School at Brandeis University of the Quantum Opportunities Program, a multi-site youth development demonstration targeting youth in AFDC families entering the ninth grade, validated the potential of comprehensive programs that provide sustained (four years plus) and consistent support, prodding, and encouragement. The evaluation found that the participants achieved more positive outcomes than a group of comparable youth.
- *Mentoring:* a recent Public/Private Ventures study affirmed the efficacy of mentoring programs. The study conducted at eight local affiliates of Big Brothers/Big Sisters of America found that mentored youth were less likely to start using drugs and alcohol; had improved school attendance and performance; had improved attitudes towards completing school; and had improved peer and family relationships. The researchers stressed that the rigid standards and supports employed by the national Big Brothers/Big Sisters office were critical to generating the encouraging impacts. For instance, all local affiliates must adhere to standards governing the screening and acceptance of both youth and adults, the training of volunteers, the matching process, the frequency of meetings, and the ongoing supervision of matches.
- *Contextual/applied learning:* the Center for Employment Training's contextual learning model has been proven to be effective in improving the outcomes of out-of-school youth. The San Jose, California-based program uses a holistic approach that integrates basic skill remediation and job skill learning. CET first identifies jobs that are in demand and then builds a training curriculum focused on job-specific skills. Basic skill development is embedded in the real-world training curriculum.
- *Comprehensiveness:* The U.S. Department of Labor's Youth Opportunities Unlimited demonstrations explored the potential effectiveness of a holistic service approach that emphasized positive youth development and was targeted on *all* youth living in impoverished communities. This demonstration, which was codified as Youth Fair Chance in 1992, "saturated" six urban and one rural high-poverty areas with job training, education services, recreation and other services for all youth, regardless of their income or educational status. An evaluation of the original seven pilot sites conducted by the Academy for Educational Development found that in six of the seven communities the overall dropout rates declined by as much as fifty percent in one community, and in all six communities for which data were available the rate of births to teenage girls also declined.

Gary Burtless

So far, our nation has not discovered ways to ameliorate the problems of young people who do not flourish in school. It has not established institutions that are parallel to college but that can impart occupational skills to youngsters who fail to prosper in the classroom. There may be two promising signs for the future, however. *Community colleges* have increasingly taken on the role of preparing young people for specific occupations. Though most two-year colleges probably emphasize desk work too much, at least they are willing to offer credit courses for the acquisition of occupational skills.

Another promising sign is the growing recognition at the state and local level that the current school-to-work system is failing our non-college-bound youngsters. Recognizing a problem is not the same as creating a solution, but it is a start toward framing one.

Andrew Hahn

I think that our evaluation of the Ford-funded Quantum Opportunities Program (QOP) should be of keen interest to workforce development specialists because it used a rigorous research design (random assignment along with case studies) to track over time the success and problems experienced by small groups of young people involved in an interesting program with several special design elements. These design elements included a financial incentive for students (stipends for program participation, bonus payments for level of effort, and an accrual account for use in an approved program of post-secondary education); special incentives for staff; and a philosophy of sticking with kids and not thinking of them simply as slots. But mostly, what made QOP special is that it tested a long-duration (9th

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grade through 12 grade, with some follow-up), year-round, multi-service approach involving educational remediation, exposure to arts and culture, work experience, community service, life skills and other services. It put the liberals' mantra to the test, namely that long-term, age-appropriate services, in a community context run by caring adults, could make a difference.

There are few programs like QOP in the United States. Our pilot research was encouraging enough in terms of net impacts on schooling, jobs, family life and other variables, that the Ford Foundation and the U.S. Department of Labor are replicating QOP in a number of sites this year. OICA, the community-based organization started by Reverend Leo Sullivan, continues to provide technical assistance and Mathematica Policy Research, Inc. is the evaluator.

Rob Ivry

While the body of evidence on the effectiveness of youth programs is generally discouraging, there have been some successes, and the research findings and best practice lessons provide a foundation on which to build. The results tend to be more encouraging for in-school youth than for youth who have dropped out of school. Successful programs tend to have the following core elements in common: the presence of caring adults, financial incentives, hands-on training centered on work with a strong job development and placement component, and opportunities for peer support and leadership development.

These elements manifest themselves in different ways. Here are some examples. Caring adults can be teachers, mentors, case managers, counselors or supervisors. An adult presence is the scaffolding that permits young people to grow, experiment, regress safely, take risks, develop standards and values, build networks and transition to adulthood. Sustained adult contact over the four years of high school is the centerpiece of the *Quantam Opportunity Program* which produced large impacts on everything from school completion to pregnancy prevention. In Career Academies, which restructure comprehensive high schools into schools-within-schools organized around a career theme, teachers stay with the same group of students throughout high school, thus creating a more supportive learning environment. Adult mentors provided through *Big Brothers/Big Sisters of America* led to improved school attendance and reductions in substance abuse.

Programs have used financial incentives in varying ways. Ohio's *LEAP program* uses a package of financial incentives and penalties to induce teen parents on welfare to stay in or return to school. While the overall results are mixed, the program had positive effects on school attendance, high school diploma/GED rates, and employment rates for teens who were in-school when the program began. QOP used financial incentives tied to hours of participation and achievement of specified benchmarks. Both of these approaches have rewarded young people who have "played by the rules".

Many successful programs feature paid work experience offered in combination with education, or provide hands-on experiential training in occupational areas experiencing job growth. The *Youth Incentive Entitlement Demonstration*, which operated in the 1970s, was the most ambitious youth demonstration ever undertaken. Economically disadvantaged youth, ages 16-19, in the seventeen selected communities were guaranteed jobs (part-time during the school year and full-time during the summer) on the condition that they remained in school (or returned if they had dropped out) and met specified attendance and performance standards. The demonstration, which enrolled over 76,000 youth, virtually eliminated the disparity between white youth unemployment rates and the unemployment rates of students of color.

In *YouthBuild*, young people are trained in construction skills, receive paid work experience renovating vacant housing for low income families, receive GED preparation, and participate in peer support and leadership development activities. The *Center for Employment Training's* excellent track record is attributable to short-term training courses which integrate basic academic skills instruction with vocational training, a pervasive focus on employment, the use of hands-on instructional practices, and the involvement of employers with all facets of training. A recent study of *Youth Conservation Corps* reveals positive employment-related impacts among African American and Hispanic youth, reduced arrest rates, and a positive monetary benefit to society.

These research findings and best practice lessons need to be disseminated more broadly, especially to youth practitioners, and they need to infiltrate the public conscience to convert public skepticism into public support. Public policies need to be revised to encourage and reward program operators for adopting these proven methods for serving young people.

Chris King

Those with far greater depth and expertise in youth programs and their effectiveness can address this question more fully than I. The evaluation record for youth interventions over the past twenty-five years or so is generally a disappointing one (Betsey, Papagoreiu and Hollister, 1980, and more recent reviews). Nor was the recent JTPA evaluation encouraging in terms of significant net impacts on employment and earnings for youth (Bloom et al., 1993/1994). Many of the MDRC reports on a variety of youth employment and training initiatives in recent years offer little to be excited about. And there is considerable debate at present as to the value of "job shopping" or, conversely, the value of a more structured transition from school to work (Heckman et al, 1995; Marshall, 1995).

Yet two strategies or programs stand out. First, evaluations of the *Job Corps* (not coincidentally, one of our most expensive and intensive investments in hard-to-serve youth) by Mallar et al. (Mathematica Policy Research) and others have demonstrated its effectiveness along several key measures. Note, too, that even with such findings in hand, Congress and prior Republican administrations have tried hard, time and time again, to 'do in' the Job Corps, demonstrating that even success may not be sufficient to preserve funding efforts on behalf of youth.

Second, going even farther back, the *Perry Preschool* and *Head Start* evaluation findings suggest that if we are to make serious headway for youth, broadly defined, we might do well to concentrate even more of our resources on preschool education and early childhood development. By the time children have reached age four or five, many of their crucial developmental patterns have been well established, for better or worse. For far too many, the remainder of their education may be spent attempting to reverse the effects of poor beginnings.

Gary Walker

Our public policies for helping youth develop and transition to adult roles have been and are generally weak. Public policy has always largely ignored adolescents and early to mid-teens. Beginning with the passage of the Job Training Partnership Act (JTPA) in the early 1980s, we have had no effective public policy for older youth who need assistance to enter the labor market.

However, there have been a number of programmatic strategies that have had promising results. P/PV's recent evaluation of Big Brothers/Big Sisters shows what can be done with early teens. The Quantum Opportunities Program in Philadelphia also indicates that it is possible to dramatically increase youths' success and decrease their serious problems over the course of the high school years. The Center for Employment Training has had good results with young adults. All three of these programs put an emphasis on establishing strong adult/youth relationships as a centerpiece to their programming. All three focus on providing early positive experiences, strong feedback and ongoing support even after the initial positive experiences. All three provide lengthy and consistent structure to the young person's life. In short, they pay attention to the developmental aspects of youth, and do not view young people solely through the prism of their deficiencies.

The hopeful aspect of these common features of effective programming is that there is nothing very mysterious about them. They are doable. The discouraging aspect is that they require a sustained commitment to young people as developing creatures with both strengths and weaknesses, whose best chance for avoiding serious problems lies as much in nurturing their strengths as it does in focusing on their weaknesses. But our approach to using public policy is that it is a last resort for fixing problems and weaknesses. And we want solutions quickly.

Alan Zuckerman

We have learned a great deal in the past thirty years about the effectiveness of programs that have an impact on young people. Programs like School-to-Work, Center for Employment Training, YouthBuild, and Conservation Corps have made a significant contribution. However, there is no single policy or program model that will transform young people into productive, self-sufficient adults.

NYEC has launched the *Promising and Effective Practices Network* (PEP-Net) to create higher standards for youth employment programs, based on the foundation of successful youth employment/development programs, practitioner experience and research. PEP-Net will establish high standards for effective programs, invite nominations and recognize programs that meet these standards. The standards fall into three broad areas: youth development, workforce development, and quality management. All three areas are essential for quality programming. Some of the elements of effective programs are:

- *Education*: youth must be supported and encouraged to stay in school, go back to school, or find an alternative school. All young people should be entitled to funds for their education until they achieve a core set of competencies.
- *Youth are a resource*: we must invest in the minds and bodies of young people. They need basic reading, writing, math, problem solving, interpersonal and work-related competencies. This will require a high degree of collaboration, individualized plans, and involving young people in their own development.
- *Community service*: young people respond to opportunities to improve their community. Community service combines altruism and work experience.
- *Support from caring, informed adults*: research and experience document the importance of a positive relationship with a caring adult — family, mentor, teacher, counselor or neighbor.
- *Integration of work-based and academic competencies*: developmental plans that include applied learning combined with the development of basic educational competencies motivate young people to learn by connecting acquisition of knowledge and competencies to work and careers.
- *High standards*: young people and the organizations that serve them must be judged against very high standards of performance to assure that young people meet or exceed the highest academic and employer standards.

Question: ***What are your recommendations for future directions in social policy and programming for youth, given the problems, successful efforts and possibilities you have identified?***

David Brown

Researchers and leading youth service practitioners alike are increasingly promoting and adopting an *asset-driven approach* for addressing youth problems. They concur that most children and adolescents have basic developmental needs that are frequently ignored by the community institutions charged with serving them. To promote the development of comprehensive youth development programs, communities should collaboratively fashion *a continuum of developmentally appropriate services and activities* that build the social, moral, emotional, physical, vocational and cognitive capacities of young people. In particular, activities should be designed that promote responsibility and self-reliance, foster positive peer interactions, and ameliorate the negative influences of adolescent peer groups. In addition, as job security has become a relic of a bygone era, young people must be encouraged to pursue lifelong learning opportunities to remain economically competitive.

Principles for policymakers to consider, based on a small meeting of many national youth policy and program experts that was convened by the National Governors' Association in October, 1995, include the following:

- Provide resources to enable communities to provide nurturing and safe places for young people.
- Target scarce resources on disadvantaged communities and make services accessible to all youth in the community, rather than stigmatize youth by labeling them as at-risk, basic skills deficient, teen parent, delinquent, etc.

- Build on the strengths of youth (rather than focus on their perceived deficits), and positively channel their energy and enthusiasm, recognizing and exploiting the power of the adolescent peer group.
- Empower youth by involving them in governance and decision making and promote citizenship and responsibility through community service.
- Coordinate or integrate the full range of youth services within the community, including recreation and health services.
- Link to the region's economic development strategies, to ensure that youth are exposed and connected to real employment opportunities.
- Provide contextual/applied learning opportunities and integrate work-based and academic learning.
- Provide consistent and credible adult mentors and role models.
- Establish high standards for all youth and incentives to encourage the achievement of competencies and goals.
- Provide sustained services and supports.

Gary Burtless

Over the next decade, the main goal for sensible policy is to develop effective program models to impart skills to the young people who will not enter or complete college. Competent evaluators should attempt to learn whether certain school-to-work program models yield better results than others. In the long run, this kind of information will have enormous value to policymakers and to young people trying to get established in the job market. At the moment we know very little about the long-term benefits of a reformed school-to-work system. Students, employers, and school administrators have too little experience under recently developed programs for us to draw reliable conclusions about the longer-term effects of mature programs that are run by experienced educators and employers. However, careful analysis of results from a variety of good programs can shed light on whether certain program models show special promise.

The Office of Technology Assessment has identified six broad models of workplace-centered learning — *youth apprenticeship, classroom training, cooperative education, school-to-apprenticeship training, school-based enterprises, and career academies.* Within each model, schools and employers may take different approaches toward training and rewarding participants for the work they do. Some programs emphasize the involvement of adult mentors for each trainee. Others emphasize classroom instruction in schools. Others may require students to spend a large proportion of the academic year in a job — say, fifteen or more hours a week — while other programs offer no pay to trainees who work. Experience has shown that one of the toughest challenges facing workplace-centered learning is recruitment and retention of local employers to participate in school-to-work programs. Some school systems may develop innovative methods to attract and keep employer participation.

The variety of program models that school systems and localities have developed opens rich possibilities for a sound evaluation of alternative approaches. Investigators can attempt to determine whether one program model has been consistently more successful than others. They can try to estimate the relative effectiveness of small variations in treatments within the same basic model. At the moment, analysts and policymakers have little reliable information to show whether one approach to workplace-based education is better than another. Since many local programs are now in their infancy, program administrators have to learn about the relative effectiveness of different approaches. For that reason, there is likely to be a large payoff from research that reliably distinguishes between successful and unsuccessful approaches, as well as from research that shows whether certain kinds of students and dropouts can benefit from particular school-to-work models. An important focus of a good evaluation should be measurement of the relative effectiveness of different program models.

Andrew Hahn

Research supports the recommendation to focus on youth *as* youth, something that was often lost as the workforce field rushed to create specialized niches. So, for example, resume writing workshops may not be appropriate for fourteen-year-olds, but higher education awareness programming is terribly important for this age group.

Research also leads to the importance of strengthening the connections between school, basic skills, work and the workplace. For this reason, I fully endorse the goals of the national School-to-Work Opportunities Act, but I also have no illusions about its effectiveness as an anti-poverty strategy. For that we have to think more imaginatively about involving community groups in school-based workforce development, helping these groups to develop their capacity, integrating "hard and soft" skills training, and targeting national workforce policies to either neighborhoods or people who need the help most.

Research also recommends the importance of increasing the intensity of services. This is why I addressed the importance of the Quantum Opportunities Program in a preceding question, and that is why I am enthusiastic about the work of the International Center for Residential Education, a Washington DC-based group that is trying to help communities establish residential education options that avoid the stigma of the institutional settings of the past.

I also believe that policymakers and community planners need to think more about managed care tools that can track clients through an array of services in the community. And I would like to see new linkages between community development and school-to-work initiatives, in order to promote longer-term, more intensive services. I think intensity could be promoted by more use of youth entrepreneurship programs. These combine traditional classroom training with hands-on experiential learning through business development. Students stay in contact with these programs longer than might be the case with regular youth programs, because the students need advice and assistance from the program staff to help maintain the small business enterprises.

Finally, research suggests that we must promote effectiveness in what will be a *decentralized structure.* This translates into local monitoring and evaluation of workforce development programs, more capacity building, and a greater role for university-community partnerships. It also speaks to involving all sectors of the community in workforce development activities, including employer groups — although we have few good models of employer-side interventions with implications for deep urban poverty.

Rob Ivry

We need a national policy of adequate and sustained investment in young people. The negative youth results from the national evaluation of the Job Training Partnership Act reveals the flawed strategy of trying to shoehorn youth into an adult system, with performance standards that work at cross-purposes to the developmental needs of young people. The federal investment in youth programs has been cut back in recent years, and the eventual passage of a workforce development block grant could further infringe on youth funding and services. Public policy needs to recognize the wisdom of a youth investment policy with the underlying premise of "building on strengths" rather than "remedying deficits" and which incorporates the following principles:

- Implements a funding structure that targets funds where they are needed most and provides strong financial incentives for states and localities to adopt and tailor proven and promising program approaches such as those described above.
- Adopts a flexible system of performance standards which acknowledges that the youth maturation process varies by individual, and rewards progress toward educational, employment and personal development outcomes.
- Strengthens families and communities to provide greater support to youth and increases the engagement of young people in productive activities after school hours.
- Authorizes career preparation and paid work experience as fundamental activities within a youth development strategy in conjunction with education, leadership development, and skill-building activities.
- Extends the core elements of the school-to-work movement — school-based learning, work-based learning, and activities which connect the two — to an overall youth development strategy.
- Supports creative funding strategies for financing alternative education and employment programs for out-of-school youth by, for example, making "average daily attendance" funds portable (the funding follows the student) and by broadening the use of criminal justice funding for preventative activities.
- Continues to encourage summer educational activities to be offered in conjunction with summer employment.
- Provides strong support for new ambitious demonstrations to expand the knowledge base concerning what works for youth — for example, demonstrations which challenge the existing paradigm of education as a prerequisite for employment, through alternative strategies which provide skill building and education activities on the back end of employment once students start working.

There also needs to be a recognition that solving the youth problem and expanding opportunities for young people will not come cheaply and the results will not occur overnight. There needs to be sustained investment and public expectations need to be realistic about what can be achieved in the short-term. The future health and vitality of our country hinges on the extent to which we adopt the policy tools to enable the current generation of young people to succeed in school and the labor market, and successfully make the transition to adulthood.

Chris King

I will offer a number of broad social policy and specific program recommendations, beginning with the former. *First,* we truly must begin to view all children as our nation's future and bring our social policies around accordingly. We cannot afford to 'write off' any child. In crass terms, we all need them to help support *us* — physically, emotionally and financially — in our dotage! More importantly, it is a moral imperative, especially in a nation with the wealth we possess. We cannot afford to punish children for the perceived ill behavior of their parents by consigning them to another generation of poverty and insecurity. Each youth in this country must be viewed as a valuable asset not to be squandered. I am reminded that when our attempts to launch satellites into space failed miserably in the late 1950s, our response was not resignation but rather a redoubling of our efforts until we became the first to put a man on the moon in 1969, only a bit more than a decade later. We need to approach our experience with youth initiatives in a similar fashion.

Second, we must begin to restore the employer/employee compact that existed in this country for most of the period from the late 1930s to the 1980s. This compact was never as strong as it was in our trading partners in Western Europe or Japan, but it was essential to the fabric of the nation and our market-based system. The current trend, in which the community of employers views its primary and possibly its sole obligation as being to its shareholders to the exclusion of its employees — whether concerning the provision of equitable wages, health and related benefits associated with employment, and some sense of security — must be reversed.

Third, we should contemplate adopting capital budgeting nationally and in the states, encompassing both human capital as well as infrastructure. Why should the financing for education and training, which Dennison (1962, 1991), Harbeson (1973) and others have demonstrated to be the dominant factor in explaining our nation's economic growth over time, be handled on a current accounts basis just as the staffing of prisons or income maintenance, when it is more appropriately viewed and financed as an investment? It is also time to address the fact that we have increasingly pushed the burden of financing postsecondary education towards individuals and families, while the tax code offers them little support. We must open the door to some form of *individual training accounts* or related measures with preferential tax treatment.

More specifically, there are several other actions we should pursue.

- The federal and state governments should encourage employers to pursue modes of high performance work organization (e.g., team management, shifting work responsibilities to ever lower levels, pay based in part on group effort, flexible production, the use of the latest technologies — Marshall, 1992; Batt and Applebaum, 1994; Osterman, 1995).

This should include the adoption of one of the centerpieces of the ISO 9000 process, namely fostering tight and lasting producer/supplier relationships, in this instance those between employers and *schools as suppliers*. To become ISO-certified, which is increasingly a prerequisite for conducting business in Western Europe and elsewhere around the globe, a firm must demonstrate that it has cultivated such supplier relationships and that it ensures that these suppliers are trained to the same standards and expectations.

Were employers to view schools as one of its primary suppliers, not just becoming involved but rather truly *engaging* schools as an integral part of their production/service process, youth would face far better and more structured employment opportunities.

- The Commission on the Skills of America's Workforce's *America's Choice* report (1990) contained a number of recommendations on youth policy which should be seriously considered for adoption. Among these are use of the Certificate of Initial Mastery and others.
- Nationally, Congress and the Administration should pursue full and continuing funding of the School-to-Work Opportunities Act of 1994. As things now stand, the federal government will provide several years of "seed money" after which time it is up to financially-strapped states and local governments to pick up the tab and continue the work. This is far too important an effort for the nation as a whole to let it simply devolve to subnational levels of government. As we have seen too often, some states will do well with this responsibility while others are likely to fail miserably. We cannot risk this outcome.
- Finally, although it may be beyond the task at hand, rather than addressing child care as a support services issue in our many E&T programs, we must see it as yet another opportunity for investment. Too many states, not to mention the Congress, see funding for child care for welfare caretakers, Food Stamp recipients or job training participants solely as a cost to be avoided, when in fact it is an opportunity to provide high quality, early childhood development services for these children. This applies also to our work-family policies in the U.S. Note that several evaluations have shown that participants in these programs see accessing quality child care as one of the major benefits of participation (King et al., 1994; MDRC, 1996).

Gary Walker

The *first* thing we will have to do is to accept public policy as a tool for improving the basic supports and opportunities that youth need for healthy development, and not see it as a necessary evil that only gets used when problems get out of hand. The recent School-to-Work Opportunities Act, and the proposed Youth Development Block Grant, are good signs that some policymakers are ready to make that shift.

The *second* necessary change is that we must accept that it takes resources and time — in short, genuine public commitment — to accomplish sustained and durable positive development in young people. Neither Big Brothers/Big Sisters nor CET developed its organizational strengths overnight. The need for patience in building organizational capacity is especially important in helping youth connect with the labor market, since that requires developing good working relationships with employers.

The good news is that the program strategies that have been effective could be taken to scale without decimating the federal budget. For example, our estimate is that a $3.0 to $4.0 billion commitment of public resources would provide intensive mentoring for all young adolescents who need it. Of course, it would take several years to build the institutional capacity to spend that money effectively.

Assuming we can achieve the change in approach and increase in resources and time commitment necessary, we could speed the process of achieving widespread effectiveness if we would drop the tired polarity of "central cookie cutter" vs. "all truth is local" and administer and monitor public funds on the more realistic basis that "both ideas are true." There *are* core principles of effective programming that must be adhered to in every situation — and each locality does have different conditions and opportunities within which to carry out those core principles. In short, there are uniform elements to effective programming, and still plenty of room for local flexibility. To administer public policy in this framework requires a bit more hard thinking and a lot less rhetoric than is typical for the formation and execution of public policy.

Alan Zuckerman

I would propose the following recommendations:

- *Maintain a federal commitment to at risk youth programs.* There must be *adequate funding* for both summer and year-round programs. Rational discussion about the merits of investing in youth is vital to the future of this country.
- *Focus on special needs of urban and rural youth.* Our cities cannot be forgotten and abandoned, and young people must be connected to education and jobs. There must be a revitalized urban policy. Funding must be targeted to cities and poor rural areas where the needs are greatest.
- *Accountability:* Demand that youth programs meet rigorous standards. Young people must be prepared to meet world-class standards.
- *Invest in building the capacity of community-based programs and staff:* The uncertainty of federal funding and the transition to "block grants" is placing many experienced and proven community-based organizations in jeopardy. Quality services require skilled staff and stable organizations.
- *Jobs for at risk youth*: Young people enroll in job training programs because they want to get a job, earn money and support themselves. Often entry-level jobs are scarce, pay little money, and may be dead-end. Central cities and remote urban areas have more job seekers than jobs. Job creation, including publicly-supported jobs, and the development of career pathways are essential if at-risk young people are to find jobs that enable them to support themselves.
- *Young people are a resource, not a problem:* Investments in youth employment and youth development are a more effective and less costly way to reduce crime and drug abuse.

Comments on the Panel's Responses

Susan Curnan

with the assistance of

Paul Aaron
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There is much food for thought in the responses of the "expert panel." Its members include colleagues whose work I know and respect. Many have helped define the field in which we all operate, mapping out the overlapping boundaries between youth development, education and vocational/occupational training.

Especially when it comes to old friends, I balk at trying to reduce diverse, collective insights so that they fit into a nutshell. Rather than having the last word, let me suggest implications and play off both what was said and what was left unsaid.

As I read their social diagnoses, the panelists take a grim view of the current environment within which youth come of age and are integrated into the workforce. Words like *frustration, bleakness, insecurity, despair,* and *resentment* recur as a descriptive motif for the prevailing mood. For more and more Americans, the *opportunity structure* is collapsing. Access and participation in effective education and training programs are limited to the most prepared. De-industrialization has cut the rungs out of the ladder to a middle class life for most Americans. Global forces are causing the labor market to buckle and shift. Demands increase for high-end skill sets, thereby widening the gap between education haves and have nots. The knowledge industry and information age promise no end to these high-end demands.

In this rapidly evolving two-tiered society, winners take all, and losers become objects of indifference or aversion, viewed either as Darwinian misfits or as moral pariahs who have no one but themselves to blame. The rise of the libertarian right has helped create a politics where every solution is a private solution, where the notion of a commonwealth and a public interest has dimmed to a faint glimmer.

It seemed to me that what the panelists are depicting is the emergence of a system of neo-apartheid. This really is the substance of their findings: *a growing division between us and them, a cordoning off by geography, class and race of those groups whose thinking, behavior, and performance earn them outcast status,* and even more so when these groups challenge majority standards for their well being and insist on having a say. But there seems to me a curious disparity between the central diagnosis, which is grave, and proposed treatments, which are mild.

The warning signs are as plain as the handwriting on the wall. Yet the scope and depth of our policies and program recommendations appear hopelessly incommensurate with the underlying problems they are intended to address. The principles and approaches which panelists promote are fine as far as they go. There is genuine worth in "asset-driven" strategies; in flexible, developmentally appropriate performance standards; in a deeper knowledge base; and in the intensified service delivery embodied in models like QOP. But again, I am struck by the disconnect between the modesty of these proposals and the sense of looming crisis that many of us feel.

I think many of us are searching for ways to reduce this disconnect. It is hard going. The culture into which we have been socialized places a premium on analytic detachment. We are professional outsiders, trained and rewarded to observe, measure and report on what others are doing to bring about social or institutional improvement. As individual citizens we may choose to become engaged as advocates and activists. But as "experts" in the field we are expected to keep at a safe remove from the subjects of our inquiry. We are taught that distance protects the credibility of our findings, and hence the influence that we might bring to bear on the policy process.

There was a time when we proceeded on the assumption that research and demonstration activities would help federal policymakers make wise choices. But devolution has shifted the center of political gravity from the national to the local. This change has enormous implications. In the current environment, policies will take shape from the bottom up. Space will increase for communities to experiment, to agitate and to mobilize. All of this presents new challenges and new opportunities for youth research.

The challenge is to revise our role and expand our repertoire so that we can be more effective and trusted allies with community change agents. This does not mean signing on as booster, or abandoning our commitment to analytic rigor. It does mean learning to negotiate relations which are dialogic and reciprocal. It does mean respecting different voices, different ways of knowing. It does mean demystifying and democratizing, and disseminating expertise.

The opportunity is to break down the intellectual apartheid that has long separated the academy from the community. We see a society more and more fragmented and polarized. The collaborative content of our work should reflect our dedication to a wholesome and egalitarian polis. We should practice what we preach.

Editor's Note

An emphasis on young adults' need for education, skills, training and employment opportunities is a consistent message in the panel's responses. Andrew Sum's research contributes much to that perspective. His thinking, based on extensive research, is revealed clearly in "Young Workers, Young Families, and Child Poverty," a chapter by Sum, Clifford Johnson, and Neal Fogg in Garth and Stephen Mangum's new edited book, *Of Heart and Mind: Social Policy Essays in Honor of Sar A. Levitan.* Sum and his colleagues define the youth problems demanding change, identify the interrelated and complex causes of these problems, and suggest change strategies.

In Sum's view, a significant proportion of American youth are experiencing severe labor market problems due to a lack of education, training, and work experience, jeopardizing their own futures and the future of the American economy. He points to a wealth of data pointing to the sharp decline over the past two decades in the inflation-adjusted weekly and annual earnings of young adults, despite renewed job growth. Youth, he claims, have been adversely affected by the transformation of the U.S. wage structure — with

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resulting difficulties in securing full-time, year-round employment, and with the growing incidence of child poverty. Such trends, he contends, have serious negative consequences for youth and society. Sum's recommendations for change fall heavily on education, skills training, and the expansion and diversification of job opportunities.

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Interview

Editor's Introduction

One of the major tasks of societies is the socialization of its youth--that is, the teaching of youth to play responsible, meaningful, satisfying adult roles, however those roles are defined by a particular society. Western civilization and the U.S. society in the 1990s are experiencing new problems in the socialization process, such as a high level of drug abuse and crime, and the adoption of alternative values and roles whose definitions vary from the central tendency shaping notions of responsibility. Increasing employment challenges, growing wealth and income inequality, and rising poverty in Western societies have limited the life chances of youth, complicating critical socialization tasks. Our explanation of "adulthood" is less clear. While this new flexibility gives greater discretion to youth in making decisions about themselves and others, and about their own life directions, it is emerging at a high price in terms of personal and societal safety.

This interview focuses on this new context for youth, particularly the environment in which poor youth in U.S. cities are growing to adulthood in the 1990s. The discussion is informed uniquely by a comparative analysis across several European societies, based on William Julius Wilson's chapter in his new edited book, *Poverty, Inequality and the Future of Social Policy,* published in 1995 by the Russell Sage Foundation.

William Julius Wilson is currently the Malcolm Wiener Professor of Social Policy at the John F. Kennedy School of Government at Harvard University. He was formerly Lucy Flower University Professor of Sociology and Public Policy at the University of Chicago. Wilson is an elected member of the National Academy of Sciences and the American Philosophical Society. He is also a Fellow of the American Academy of Arts and Sciences and the American Association for the Advancement of Science.

Directing most of his work to the study of race, class and poverty, he has written several major books and numerous articles that have captured the serious attention of both scholars and public policymakers. He has proposed a research-based theory of the social transformations which have occurred in the inner city, and has recommended a comprehensive policy agenda addressing broad social problems which disproportionately affect the inner city poor.

His book titled *The Declining Significance of Race: Blacks and Changing American Institutions* received the 1980 Sydney S. Spivak Award. His 1988 book, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* received the C. Wright Mills Award and was selected by the editors of the *New York Times Book Review* as one of the sixteen best books published in 1987. His latest book is *When Work Disappears: The World of the New Urban Poor,* published in 1996 by Alfred A. Knopf.

He is the recipient of the 1987 MacArthur Prize and the 1988 Godkin Lectureship at Harvard, and is past president of the American Sociological Association.

Question: *What led you to produce a new book on poverty and inequality?*

Response: We found the nature of the 1980s' American social policy debates concerning poverty frustrating and disturbing. They seemed disjointed, some positions emphasizing the impact of economic change, others giving primary attention to moral decline. Meanwhile, *structural* factors such as income and wealth inequality, rising worker displacement and joblessness, and a growing concentration of poverty in urban areas were having significant effects on life chances. We felt that a comparative analysis across industrialized countries would focus attention on these institutional factors and their implications for poverty and inequality.

The Rockefeller Foundation provided the initial funding for this policy study, and several other foundations subsequently contributed to the project, including the Russell Sage Foundation. This permitted important meetings of the project's advisory committee and the international group of experts who co-authored the book. We hoped that the book would change the character of the policy debate, away from a preoccupation with individual attitudes and behavior and toward an analysis of the *economic context* influencing the nature of poverty in contemporary society.

Question: *The economic and labor market influences that have conditioned poverty increasingly in Western societies have been of particular interest to you. What insights does this new look at European poverty provide in this respect?*

Response: Since the late 1970s, European governments have faced the return of mass unemployment and a growing fragmentation of their labor markets. Increasing numbers of indigenous workers and immigrants have fallen into the *secondary labor market* — characterized by low skills, poor working conditions, weak union protection, and a high risk of unemployment. European unemployment rates are now close to ten percent. At the same time there has been a growth in long-term unemployment, forming a substantial subgroup of individuals with loose attachment to the labor force (including many young people). In fact, in 1993 half of all unemployment in Western Europe was long-term, compared with 10-20% in the rest of the industrialized world. This subgroup included many young people.

In Germany, foreign workers and their families were much less likely than native Germans to be "officially poor." Subsequently, however, and particularly in the 1990s, this changed dramatically. During 1991, almost 15% of all foreigners utilized public assistance at some point, only 5% of the German population needed to depend upon it. Also, foreigners have been disproportionately affected by the cuts in social benefits — that is, in means-tested poverty programs — in which foreign workers and their families have tended now to be overrepresented. In the United Kingdom, the Thatcher government introduced major cost-cutting reforms in the context of 8 million people (one in 7) of the total British population living in households dependent on a national means-tested and last-resort income support program. This is a significant increase over 4 million in 1973 and 1.2 million in 1950.

Worsening economic conditions in Europe have led to an urban housing crisis and insecurities in the labor market, as well as a perception that the growth of the minority and immigrant populations has been the major cause. The recessions have also exposed the vulnerability of ethnic communities to economic stagnation, industrial restructuring and the decline of traditional manufacturing. Related to these developments, immigrant unemployment rates have been reaching 25-50% in cities experiencing high levels of employment for the general population. Many of the immigrants most acutely affected by recession have been second and third generation minority youth with educational deficits, who are having difficulty finding employment and are isolated and alienated from the societies of the older generations. But these conditions for immigrant youth primarily reflect deteriorating economic conditions and declining organizational resources in the poorer working-class communities.

However, Europe and the U.S. are in marked contrast in terms of urban inequality. *No European city has experienced the level of concentrated poverty, and racial and ethnic segregation, that characterizes American metropolitan areas. No European urban area incorporates areas as physically, socially and culturally isolated, deteriorated or violence prone as American inner city ghettos.* However, many European inner-city communities and suburban public housing areas have been cut off from mainstream labor market institutions and informal job networks. This spawns a cycle of weak labor force attachment, increasing social exclusion, and rising group tensions. Trends in a number of European countries suggest the beginning of urban social polarization, leading to a concentration of social problems in certain areas of cities. European research shows that as poverty becomes more concentrated it involves multiple kinds of deprivation, which then translates to both material decay and reduced life quality. This cycle and these trends have important consequences for the socialization of the next generation.

Question: *What are some of the social policy differences between Europe and the U.S. that have mediated against sharp socio-cultural divisions within European cities, and the concentration of poverty in particular parts of these cities, with all the attendant social problems?*

Response: As the political scientist Margaret Weir has pointed out, in American cities *local land use and housing policies*, and *federal and state urban policies*, have made it easier to separate groups by income, race and ethnicity. U.S. cities have much greater autonomy and control over population movements and urban development than European urban areas — such as through educational policy, zoning ordinances, and other strategies manifestly designed to ensure community life quality. Federal policies have supported such autonomy.

For example, in the U.S. federal financing for freeways and subsidies for home ownership contributed to the development of urban suburbs and new political jurisdictions. Federal acquiescence to community organizations' resistance to public housing in middle class neighborhoods contributed as well, as did federal toleration of extensive segregation of blacks and other minorities in urban housing markets. This led to large-scale segregated housing projects that became disadvantaged minority areas concentrated in overcrowded, deteriorating inner-city ghettos. And since the 1980s, the federal government has withdrawn support for basic urban programs, which has increased the concentration of poverty in these urban areas. This sharp drop in support for such programs in turn contributed to the declining political influence of cities and the rising influence of suburban political power bases.

In Britain, a strong central government has exerted significant control over population movements and urban development. Local authorities have little autonomy. Since the condition and quality of urban educational institutions are determined less by local government budgets than by national financing, there is less competition between cities for scarce resources. Furthermore, the construction of urban housing in Britain has involved mainly *public* housing, which made the mixing of people with different incomes inevitable. And public housing was less concentrated in particular areas--it was not deliberately segregated. For example, by the late 1980s, while 43% of public housing was in poorer inner London, 29% was in central London, and 23% was outside London city limits.

In France, the disadvantaged tend to be concentrated in city suburbs, with in-city housing viewed as the most desirable. Although poor ethnic and racial minorities tend to be concentrated in urban high-rise public housing, French land use and housing policies have controlled population movements more than in the U.S., and permitted more income and ethnic mixing than in the U.S. or Britain.

This is changing, however. Recent population movements and government action in Britain and France have increased the concentration of poverty and racial/ethnic segregation, much as such policies separated populations in the U.S. It is unlikely that Britain and France will experience the degree of income and racial/ethnic separation and segregation that characterizes U.S. metropolitan areas, however. Central governments are likely to maintain control over the development of new political jurisdictions, reducing incentives and opportunities for such separation. Also, suburbanization in Europe has not traditionally involved an abandonment of cities as desirable residential areas. Rather they are treated as *national resources to be protected*.

Question: *How have European antipoverty policies differed from those in the U.S.?*

Response: It is clear that poverty and inequality have increased in Europe as well as in the U.S., related to economic, social and political forces. However, by the second half of the 1980s, *the American poverty rate among the nonelderly population was more than twice the rate of most European countries and almost three times the West German rate. The U.S., in fact, had the highest national poverty rate of all thirteen countries included in the database of the 1991 Luxembourg Income Study.* The severity of poverty in the U.S., and the marked difference between whites and racial minorities in the concentration of poverty, were significant findings.

The still-dramatic differences between U.S. and European poverty are likely associated with varying *antipoverty policies*. European policies have been directed more broadly toward the working class. The prevailing view in Europe following World War II has been that the best policies for assisting the disadvantaged are policies applied through programs benefiting the population as a whole — that is, *universalistic* policies, rather than policies leading to specifically-targeted, means-tested programs. These universalistic policies have supported macroeconomic strategies that address general concerns about labor force and labor market issues. And these policies have tended to be linked more closely with social security, health and housing policies reinforcing the working and middle classes.

Although the influence of trade unionism in assisting vulnerable groups in the labor market has eroded both in the U.S. and Europe, this development in the U.S. reflected greater pessimism about alleviating poverty and mounting effective welfare programs. This pessimism flowed from the use of a limited range of antipoverty strategies due to American resistance to universalistic social service and labor market interventions. Largely ignored in the U.S. were the effects of basic economic and technological changes that were affecting the work opportunities, experiences and prospects of the poor. Absent from anti-poverty policy was the European concept of *comprehensive* programs designed to promote *the social rights of citizenship*.

Europe's postwar commitment to universal programs and to social inclusion, however, was based on assumptions of steady growth and full employment, on improvements in employment and labor market realities, and on notions of collective solidarity and cultural homogeneity, which de-emphasized historic divisions between religious and ethnic groups. These assumptions were weakened by economic change and the absorption of a larger number of immigrants, making issues of race, ethnicity and cultural diversity more critical to consider. Now the universalistic European welfare systems are undergoing significant change, with an increasing marginalization of certain groups and the potential emergence of a racialized economic underclass. Rising unemployment and economic fragmentation in European countries pose a test of the ability of these welfare states to counter marginalizing tendencies.

For example, an interdisciplinary study of poverty and marginalization in West Germany revealed the effects of economic dislocation on citizens' social rights. Historically, the "productive core" of German society, in terms of stable employment, was in control of the social insurance system. Those more vulnerable to unemployment were in large part excluded from many facets of this system. Benefits for this growing vulnerable group were accessible mainly through means-tested public assistance. Although 25% of workers were eligible for these programs in the mid-1980s, more than half of these workers had not applied due to the stigma attached to non-universalistic welfare strategies. This new division of the German welfare state into two types of workers with different welfare benefits has raised the possibility of ghettoizing marginal workers, particularly a growing number of East Germans and an increasingly large foreign subpopulation. During 1991, nearly 15% of all foreigners were receiving public assistance at some point; less than 5% of the German population was doing so. In the context of the higher use of public assistance by foreigners and their families, the *Solidarity Pact* of 1993 involved cuts in means-tested programs, which further isolated certain groups from mainstream citizen rights and benefits.

In the United Kingdom, the Thatcher government consciously exacerbated the division of the welfare state by encouraging tax-supported private and company-based welfare among the middle class and more affluent workers, along with major cost cutting in social security and housing. This shifted the welfare state further toward more targeted welfare programs. The same trend has occurred in France and the Netherlands. Nevertheless, as I pointed out earlier, although there is a trend toward the more limited social provision of the U.S. system, the European commitment to universal social services and broad family policies remains a firm institutional feature.

Question: *What do you mean in the book by the emergence of "new poverty" in the U.S. and Europe?*

Response: The period since the late 1970s marks an important juncture in addressing poverty and inequality issues in the western world. Economic insecurity has been accompanied by family disintegration and altered forms of public assistance, reducing the life chances of an increasingly vulnerable minority population. A variety of economic, social and political forces have been producing powerful *new configurations* of inequality which we have referred to as "the new poverty." These configurations reflect changes in the size and composition of economically marginal groups, the crystallization of racial cleavages among them, a downward turn in their life chances, and an increase in their social and political isolation.

As poverty rates have risen in most western societies, the rates among young people and prime-age workforces have grown disproportionately, particularly among single parents with children. In the U.S., the movement away from manufacturing toward a service economy, the increase in the proportion of low-wage and part-time employment, widespread worker dislocation, and rising long-term unemployment in certain segments of the labor force have been particularly traumatic for the urban black poor because of their concentration in deteriorating inner-city ghettos. Consequently poverty is affecting the opportunities and future of the poor more dramatically than in the recent past. Some experts see a "feminization" and "racialization" of poverty which revolves around labor market and labor force relationships.

In this new environment, the "moral worth" of the poor is scrutinized more closely in means-tested programs — that is, their work ethic, family relationships and integrity. This is changing the poor's attitudes toward government and the welfare system, with these institutions being viewed as hostile adversaries. Rather than the welfare system having evolved into a "dependency culture," research indicates that it is becoming a "captivity culture" in which welfare claimants may be trapped into dependency against their will and policies designed to promote self-sufficiency may reinforce dependency as a manageable phenomenon.

Another critical factor in understanding the new poverty is the massive breakdown of social institutions in poverty neighborhoods. An important aspect is the absence of nonpoor families in ghetto areas which could serve as conventional models in socializing poor youth. The absence of diverse social resources and crucial community networks has weakened youth's attachment to the legitimate labor market.

Question: *What do you see as the major characteristics of American antipoverty policies and how effective do you feel they have been?*

Response: In 1975, 30% of all American poor had incomes below 50% of the official poverty level; in 1988, 40% had such incomes. The increase was much greater for blacks — in 1975, nearly half had incomes at that level. These effects are strongly tied to postwar American antipoverty policies that have led to relatively autonomous arrangements for the poor in isolation from broader social concerns about economic, educational and employment issues. In fact, we have focused on developing *programs* rather than on developing *national policy* — particularly *decentralized* and *non-integrated* programs and demonstration projects.

Historical analyses of the American approach to poverty consider this approach a legacy of the New Deal. The nationwide social security system was an extension of the rights of a predominant group of citizens, the "deserving" working class. They had the support of the middle class and a strong federal bureaucracy. However, the New Deal did little for those with low skills and social status, including blacks moving to northern cities from the rural south. Attempts to develop a national full employment policy and health care program in the 1930s and 1940s, which could have assisted the disadvantaged, were not politically viable. Neither were U.S. laws, union power or cultural traditions supportive of the disadvantaged, as they were in Europe. Assistance to this group was confined to poorly coordinated second-tier programs under the "welfare" system. This restricted the scope of anti-poverty strategies and reinforced the American division between the "undeserving" and "deserving" poor, the former acquiring the status of a class apart.

In many ways, the Great Society programs of the 1960s continued this division. Although government benefits were improved, little was proposed for integrating clients into the social and economic mainstream. Since poverty was not viewed as a national economic problem, antipoverty programs focused on efforts to change the *behavior* of the poor rather than their economic opportunities.

The targeted programs that became the traditional American response to poverty created a *policy dualism* that made it easier for the middle and upper classes to criticize the welfare system and its clients. The welfare backlash of the 1980s and 1990s is also a product of antipoverty strategies that fostered intergroup misunderstanding and mistrust, as well as the isolation of the poor. As one expert put it, we are in a "retreat from caring." To many middle Americans, the poor had become "the welfare class" — that is, the bottom level of the stratification system defined in terms of their *behavioral and cultural* deficiencies. This "class" was considered to pose a growing threat to public norms and safety. The emphasis on the personal characteristics of individuals, particularly their work ethic, ignored the large-scale economic changes that were contributing to increasing poverty. At the same time, research was strongly suggesting that there was no conclusive evidence for prevailing beliefs that welfare participation discourages work, divides families or increases the childbearing rates of unmarried women.

Two themes have now emerged: 1) welfare receipt should involve certain responsibilities on the part of the recipient, and 2) able-bodied adults receiving welfare should be required to develop educational and work skills, to search for jobs, and to accept the jobs offered them. Both themes are based on pre-existing assumptions about the *moral fabric* of individuals, independent of the social, economic, cultural and political structure of society.

While economic restructuring and downsizing have had adverse effects on lower-income groups in all advanced industrial nations, the effects of joblessness on the American poor have been far more severe than elsewhere because of the underdevelopment of the welfare system and the weak institutional structure ensuring the general social rights of citizens. The tradition of noncomprehensive programs in the U.S. is particularly problematic for poor inner city blacks who have been handi-

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capped by intergenerational discrimination and find themselves isolated in ghetto neighborhoods.

Question: *What conclusions do you come to in the book about effective anti-poverty policies and strategies?*

Response: Any program proposing to improve the life chances of the poor, including the ghetto poor, needs to be based on *concerns about both the poor and the working classes.* Unemployment, job security, declining wages, rising medical and housing costs, the need for child care, the sharp decline in the quality of public education, crime and drug abuse — these broader problems must be addressed. Reliable national surveys indicate wide support for general strategies to resolve employment problems, such as educational and skill training, the provision of day care, the reform of the health care system, and crime and drug addiction prevention. This suggests possibilities for new demographic and political alignments and coalitions that can place greater emphasis on the integration of programs promoting social and economic progress for all groups in society, not just disadvantaged segments.

In Europe, income transfers, family policies and health benefit systems receive wide popular support, and include an array of related program strategies. In the Swedish reform package, labor market programs still play a key role. In Germany, the tradition of active labor market programs and close linkages across government, educational institutions and industries have continued, but with significant cost cutting. When Germany's vocational vs. higher education dual system was failing to move many young people into permanent mainstream employment, a well-directed trade union and employer effort has begun to restore its health. In France, the United Kingdom and the Netherlands, there has been a movement to improve job skills and opportunities even though there has been a negative reaction to the welfare state in terms of its perceived role in increasing dependence.

Unfortunately many of the reforms that focus on more universalistic strategies, such as labor market programs, have been poorly designed and their delivery suffers from unprecedented decentralization. These programs can be effective only as part of *broad national programs promoting economic recovery and adjustment to structural change.*

Editor's Note

The first issue of *Evaluation Forum* focusing on poverty featured an interview with William Julius Wilson based on his classic, *The Truly Disadvantaged.* For those interested in a reprint of that interview, please contact the editor of *Evaluation Forum.*

Readers may also be interested in the following books and articles authored, co-authored or co-edited by Wilson:

1987: *The Truly Disadvantaged: The Inner City, The Underclass, and Public Policy.* Chicago, IL: University of Chicago Press.

1991: "Studying Inner-City Social Dislocations: The Challenge of Public Agenda Research," in *American Sociological Review* 56.

1995: *Poverty, Inequality, and the Future of Social Policy: Western States in the New World Order* . (W.J. Wilson with K. McFate and R. Lawson, editors.) New York, NY: Russell Sage Foundation.

1996: *When Work Disappears: The World of the New Urban Poor.* New York, Alfred A. Knopf.

Additional books and articles on comparative poverty issues:

Brown, J. (editor). *Anti-Poverty Policy in the European Community.* London,UK: Policy Studies Institute, 1984.

Glazer, N. and K. Young (editors). *Ethnic Pluralism and Public Policy.* Lexington, MA: D.C. Heath, 1983.

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Korpi, W. " Social Policy and Distributional Conflict in the Capitalist Democracies," in *West European Politics* 3, 1980.

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Rainwater, L. *Poverty in American Eyes.* Luxembourg Income Study, 1991.

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Evaluation Issues and Activities

International Perspectives on Youth Issues

Editor's Introduction

In March, 1996, the U.S. General Accounting Office (GAO) published a report on at-risk and delinquent youth. It was revealing, if not shocking. According to the GAO, approximately 20% of children in the U.S. live in poverty; for minority children the percentage is twice as high. Poor teens are more than three times as likely as other adolescerfts to drop out of school. While the high school dropout rate has been falling, in 1993 it remained over 10% for all races combined, and over 27% for Hispanic Americans.

The unemployment rate for youth is much higher than for adults. From 1991 to 1994, the average unemployment rate among males 16 to 24 years old was 14.3%, compared with 5.7% for those aged 25 and older. During the same period, the average unemployment rate among females 16 to 24 was 12.3%, compared with 5.3% for those 25 and older.

In 1992, child protective service agencies received approximately 1.9 million reports of child abuse and neglect. In 41% of these reports, investigations confirmed maltreatment. Research has suggested that such abuse and neglect increases the likelihood of juvenile arrests by 53%. Between 1988 and 1992, the juvenile arrest rate for violent crime increased 47% — more than twice the increase for people 18 years of age and older. The number of violent crimes committed against youth aged 12 to 17 increased 25%. In 1991, youth aged 12 to 23 were more likely to be victims of a violent crime than were people past their mid-20s. In 1992, roughly one out of every thirteen juveniles reported having been a victim of a violent crime. Meanwhile, the U.S. has the highest teen alcohol-related and drug abuse-related rate of any industrialized nation.

The federal government currently operates 131 programs intended to benefit youth, including at-risk and delinquent youth. These programs are administered by 16 different federal departments and agencies. Many of these programs have similar goals, and provide multiple services to multiple target groups, although the majority target *all* youth. The GAO indicates that the federal government spent over $4 billion on programs for at-risk and delinquent youth in 1995.

The Congressional request to the GAO was simply to list and describe all these federal programs without offering recommendations. The clear intent of the House Committee on Governmental Affairs in making the request, however, was to determine subsequently what programs could be eliminated or consolidated. It is interesting, in this context, that the GAO chose to provide extremely troubling data on the status of youth in America in the mid-1990s.

The section that follows provides some international perspectives on youth issues, which help place the American statistics within a broader context. It also addresses strategic planning and methodological issues in analyzing the "performance measurement movement" and its relationship to evaluation.

An Overview of Research on International Youth Issues

Two books on international youth issues provide interesting ideas to consider in terms of youth development and programming. One was published by the Organization for Economic Cooperation and Development (OECD), the other by the United Nations.

The United Nations

The International Year of Youth was celebrated in 1985. This nominal focus on the world's youth prompted the United Nations to initiate the United Nations University's *Project on Youth*. The project produced a book reviewing expert opinion and research on youth issues titled *Perspectives on Contemporary Youth*. Edited in 1988 by J. Kuczynski, S. Eisenstadt, B. Ly and L. Sarkar, it featured a chapter by E. Allardt which may be of special interest to readers, "The Current Context of Youth in Economy, Politics and Societal Development."

The Transition from Youth to Adulthood

Allardt maintains that although the length and nature of the transition period from childhood to adulthood has varied in different societies, it is today associated with more serious problems — "being young and becoming an adult seem to be more difficult than during many other periods in history." This transition is highly dependent, he says, on economic and social conditions. He reminds us that there are significant differences in opportunity for youth in rich vs. poor countries. For example, although unemployment is a problem everywhere, in developing countries underemployment or "ill-employment" is the *dominant* characteristic. Currently, even in the industrialized countries, unemployment has reached unexpected high levels, particularly among youth.

Technical improvements in agriculture are leading to greater rural unemployment and rising migration to urban centers. Employment has shifted from agriculture to manufacturing and now to services. Approximately two-thirds of the U.S. labor force is currently in the service sector; approximately 60% is in services in Western Europe. Electronic data processing is used increasingly in all sectors of economies.

These major changes, Allardt says, have had a number of consequences for the transition of youth to adulthood. Changes in the structure of employment which have restricted opportunities for social mobility, have affected youth's view of their career opportunities and life chances. There has been a substantial expansion of government, with the public sector assuming many of the social functions formerly performed by family and community. Consequently current attempts to reduce the size and change the nature of public social safety nets will likely have a negative effect on the employment possibilities of young people.

Allardt proposes that economic change, change in the structure of employment, and an increased role for government has influenced youth attitudes. Some of the elements of youth's new orientation are these:

- An emphasis on inner-direction, compared with sensitivity to manipulation by external demands.
- A stress on individual human rights.
- A focus on protecting the fate of the individual — i.e. individual safety, physical, psychological and social.
- An interest in causes, without consideration of material interests, well-being or rights.

These new attitudes, particularly among youth in industrialized countries, have been played out in anti-bureaucratic, environmental, anti-nuclear, feminist and peace movements, as well as in religious and ethnic revivals, according to the author. These attitudes, he says, appear to be reactions against structural and institutional trends: the increasing importance of service and goods; the penetration of government into most spheres of life; and the increased size of the well-educated middle class in the context of the decline of its socioeconomic position.

The Youth Labor Market

Allardt sees the nature and degree of youth unemployment as conditioned strongly by *demographic* factors. Many developing countries have a larger 20-24 age group than can be absorbed by their labor markets. In advanced industrialized countries, the "baby boom" generation entered the labor force in the mid-1970s when labor demand was weak. Evidence from a number of countries reveals a growing trend toward long-term unemployment in the 20-24 age group.This shift in the age structure of unemployment, Allard believes, is likely to continue.

In fact, research indicates that youth unemployment may be more troubling than the statistics suggest. Youth have a tendency to leave the labor market when facing difficulties. In most countries there is a sizable minority of young people who experience serious problems during the transition from youth to adulthood and consequently live a joblessness or casual labor employment existence. Those with low educational attainment and physical and emotional handicaps, and ethnic minorities and teenage parents, are overrepresented in this group.

Allardt points out that maintaining young people in educational institutions has been one of society's main devices for coping with the problem of unemployment. The amount of formal education now required by postindustrial labor markets assigns additional tasks to these institutions — intellectual, aesthetic, ethical, psychological, and other tasks. At the same time, the motivation to learn is becoming increasingly dependent, he says, on the characteristics of education (its quality) rather than on its prospective rewards.

A recent study by OECD drew the conclusion that youth's most powerful demand was for full integration into the adult world, and that this demand has been moving down the age scale. Increasingly younger age groups have now ceased to define themselves as children, while the upper limits of secondary and postsecondary education have moved upwards — consequently the demand for adult status and the real possibility of acquiring it are farther apart. Even adults can no longer feel fully prepared for rapid economic and labor market change in terms of education and skills. Therefore the boundaries between adults and youth have grown vaguer.

Although Allardt takes the position that young workers are more sensitive to working conditions than their elders — both physical safety and alienation — he also points out that youth are in the forefront of technological change, which translates to new job opportunities. What the trade-off will be between such change and unemployment is yet to be determined.

The Organization for Economic Cooperation and Development

The status of youth in European Union countries and other industrialized nations has been a longstanding interest of the OECD. In 1989, representatives of seventeen OECD member countries met in Paris to develop a project on *at risk youth* under the sponsorship of OECD's *Centre for Educational Research and Innovation* (CERI). This meeting was followed by two international seminars supported by the research arm of the U.S. Department of Education and several major foundations.

The project focused on three educational/training periods: *preschool*, *school*, and *the transition to work*. Its purpose was to identify key issues in studying youth problems, and to make recommendations for national and international youth policy. In 1995, CERI produced a book based on the study commissioned by OECD, *Our Children At Risk*. The terms "at risk" referred to youth from disadvantaged backgrounds who are likely to fail to meet school standards, often drop out of school, and frequently fail to become integrated into a normally accepted pattern of social responsibility, particularly with regard to work and family life.

School-to-Work Cooperation and Linkages

The European Union has been troubled in the 1990s by the proportion of at risk youth in member countries. Up to thirty percent of school age children are estimated to be "at risk." Even in countries where unemployment has fallen there has been a rise in unemployment for ethnic minorities and youth. Any gains made in the educational system are sometimes sacrificed in the transition period from school to work.

European countries have traditionally relied on strong relationships between schools, industries and businesses in terms of developing relevant skills. For example, in the United Kingdom, programs have been developed to give school curricula a more job-oriented dimension along the lines of the *Boston Compact*. In France, the educational system emphasizes the consistent guidance and monitoring of youth, work study programs, and an individualization of educational plans. In Sweden, students are required to have a series of weeks in a work experience setting. In Japan, special schools and training colleges linked with businesses have been developed to offer flexible opening times for students prior to and following work, and alternatives to drop-outs. Often community initiatives have supplemented the above linkages. In the United Kingdom, special programs for inner city youth have been developed. In Australia, community centers have been established.

In the Netherlands, new policies link a number of government ministries around these purposes:

- To coordinate national policies on youth education.
- To collaborate with trade unions and employers around more effective utilization of existing programs and infrastructures.
- To combine budgets.

In Australia, cooperation across schools, universities, research organizations, trade unions and businesses is part of a general strategy to broaden school-to-work options. In Germany, coordination policies involve welfare agencies, businesses, schools, and employment and training programs. In Portugal, there is extensive development of multi-agency community programs to encourage the social and economic integration of minorities.

However, a lack of cooperation and coordination across multiple actors continues to be a major barrier to serving at risk youth adequately, according to the OECD report. Nevertheless, some countries have developed useful models. For example, Portugal has developed an interministerial program that unifies the national approach at central, local and school levels, and is coordinated by a central interministerial council. This approach gives priority to basic education and to areas of low educational performance, and involves a linkage between the educational system and health and nutrition programs, recreation programs, family support programs, and transportation systems.

Some Conclusions

Extending the capabilities of school systems in responding to the needs of disadvantaged students has led many countries to review the balance of control between central and local demands. Many countries see the maintenance of quality as a significant challenge. Some have resolved this issue by emphasizing local control while requiring some form of accountability to the central government.

An array of intervention strategies have been developed in OECD countries, including service coordination, increasing continuity across major transition periods, using flexible approaches, giving greater autonomy to schools, changing school organization, developing new curricula, assigning more importance to youth's personal and social needs, and giving more freedom to teachers to develop more effective teaching strategies and better linkages with employers. These interventions often involve systemic changes in the school-to-work sequence, and its institutions and organizations, and the use of educational and training resources.

Editor's Note

Please see Part II of the Resources Section for international references on youth issues.

Youth Training

An interesting cross-national study supported by the U.S. Department of Labor has been conducted by The Rand Corporation to study the self-reported formal job training and labor market outcomes of male youth in the United States, Britain and Australia. The report on the study was published in 1991. Three national surveys provided the data: the *U.S. National Longitudinal Survey of Young Men* (NLS), the *British National Child Development Study* (NCD) and the *Australian Longitudinal Survey of Youth* (ALS). Information was available on educational attainment, participation in formal training programs, wages, job characteristics and employment. In addition, panel data on other relevant variables was analyzed. The study was guided by propositions about the relationship between determinants of training and the effects of training on wages and the likelihood of employment.

Research Questions

Several interesting policy questions directed the study:

- Do youth compensate for a low level of education through job training, or do those lacking education lose access to future occupational training?
- What role does technology play in determining workplace educational and skill needs?
- Do high union wages and work rules reduce employers' incentive to provide training?
- How do training patterns differ in the three countries and what policy lessons are suggested by commonalities and differences?

Study Results

A statistical analysis of the economic determinants of training in the three countries indicated that the probability of receiving most kinds of *formal* training rose with the *level of schooling* received, with the possible exception of Australia where education and training appeared to complement rather than substitute for one another. One implication of these results was that youth with low schooling also confront limited training opportunities and consequently a slower growth in wages. The probability of obtaining training, however, peaked at different schooling levels for each *source* of training, and training probabilities varied by apprenticeship status in Britain and Australia.

There was a dramatic pattern of effects on training by the source of training. The likelihood of company training was greater in high technology jobs, especially for those with more education. Rapid technological change clearly penalized early school leavers. High technology jobs were correlated also with a lower likelihood of off-the-job training. These results suggested that in a growing and technologically progressive environment, employers rely more on company training for skill needs than on schools and other outside sources of training.

For American male youth, the probability of receiving training from all sources rose with years of work experience, holding job tenure constant. For British youth, only company-based training appeared to rise with work experience, and then to decline. And the likelihood of training from most other outside sources decreased with work experience.

Employers appeared to use different training strategies in the three countries. In the U.S., after a beginning training period in the first year on a job, training from schools and business/technical institutes decreased with time in the job, while company-based training and training from other sources rose with tenure. This pattern suggested that company training was substituted for broad-based general skills acquisition supplied elsewhere. British and Australian employers tended to rely on outside training sources, with company training falling with job tenure, while off-the-job training rose initially and then declined.

Unexpectedly, the study showed that in all three countries union membership or coverage was associated with a greater probability of receiving formal training from most sources. This suggested a more extensive training role for unions than had been anticipated.

For all countries, the probability of receiving training from most sources was usually reduced for 1) those who had gained work experience prior to the completion of schooling, and 2) those with more than three previous jobs or those having recently changed jobs. The researchers concluded this may have been because youth were bringing skills from previous jobs to the new one.

Controlling for other factors, white-nonwhite status did not appear to affect access to most formal training. High unemployment increased the likelihood of being trained in a business or technical institution in the U.S., but reduced training for nonapprentices in Britain. Respondents in large firms were more likely to receive formal training from all training sources. Private sector employment in both Britain and Australia, however, was usually associated with a lower likelihood of receiving training.

The research showed that in the U.S. wages rose with both work experience and job tenure, although at a slower rate at the higher work experience levels. Results for Britain suggested that each year of work experience increased wages by about the same amount as in the U.S. In Australia, wages grew rapidly with years of work experience but the effect lessened quickly. Job tenure had no statistically significant effect on weekly wages in Britain or Australia. Much of the cross-national difference in wage profiles seemed to be due to the larger wage-tenure effects in the U.S., which may mean there is considerably more *informal* on-the-job training in the U.S. than in the other two countries.

Training appeared to produce higher marginal wage returns to labor market entrants with low schooling, possibly because training tended to substitute for school at that level of educational attainment. Also, a large part of the training provided seemed to be quite general. Transferable skills appeared to be related more to time in the labor market than to job tenure. The wage returns for a high level of schooling were clearly higher in high-technology jobs. Technological change actually reduced the wages of the least educated. The research suggested that better-educated workers, in all three countries, were better able to respond to technological change, and were more productive and more highly rewarded.

In each country, wages for nonwhite male youth were 10% lower than for other groups. Union members generally received higher wages. Large firms paid more. Training had no apparent effect on the growth of wages, but each previous training episode tended to raise subsequent wages. Company-based training had the largest effect on wages in the U.S., followed by training from business/technical institutions. For the U.S., training courses taken in institutions following the completion of schooling had no apparent effect on wages. The results were similar for the other two countries. However, the size of wage returns associated with the receipt of training revealed large differences across the three countries. The wage effects of formal training in the U.S. was about twice those in Britain and Australia. This could explain why employers and young workers established in the workforce in these countries have less incentive to provide and receive training, since the returns for schooling and other forms of investment may be as high as those for formal training.

In all three nations, the likelihood of experiencing a spell of unemployment in a given year was lower for those with higher schooling, more general work experience and longer job tenure. Employment in large firms was associated with greater stability. Membership in unions was related to a higher probability of unemployment. Higher rates of technological change in the U.S. and Britain were associated with a lower likelihood of unemployment. In the U.S. this was true mainly for selected schooling groups, suggesting that there was less technology-induced youth unemployment than expected.

Training reduced the likelihood of unemployment in all three countries. Each training episode appeared to lower the probability of future unemployment, particularly if it was job-related, with a slight decline in this effect over time.

Conclusions

In all three countries, the probability of receiving training from all sources increased with the level of educational attainment. Union involvement increased access to training. Although American male youth received much less training at entry to the workforce, they accumulated training at a much more rapid pace with time in the labor force. In fact, their likelihood of receiving additional company training remained high, in contrast with the declining access of British and Australian youth to company training as work experience increased.

Although the analyses were confined to the study of formal training reported by survey respondents, and excluded potentially important investments in informal forms of training and learning on the job, significant insights were acquired.

- American youth receive less formal training on entry to the labor market but more formal training with time in the labor market.
- In the U.S., employers provide young workers with training that is increasingly company-based, relying less on outside sources as workers acquire job tenure — which responds well to technological change.
- The level of school attainment is an important predictor of post-school training and labor market success. Better-educated youth are considerably more likely to receive training, especially company training, which has the greatest influence in raising wages and reducing the likelihood of unemployment.
- Technological change plays a critical role in raising educational and skill requirements.
- Technological change increases the likelihood of receiving company training, particularly for well-educated youth, and reduces the probability of training from schools and other off-site sources.
- Less-educated youth receive little formal post-school training and are less likely to receive training in industries experiencing rapid technological change.
- Union membership is associated with an increased probability of formal training; however, this may inhibit the receipt of informal training.
- Company-based training had the largest positive effect on youth wages and in reducing youth unemployment.
- The positive wage effects for formal training in the U.S. were twice those for Britain and Australia.

Some Implications

Given the apparent strong link between education and training, the high dropout rates for American youth, particularly minority youth, pose a serious problem for policymakers. The gap between the educated and less educated, and between whites and minorities, may be exacerbated without a resolution of this problem. Meanwhile, technological change is likely to increase this disparity. The study's conclusions call for preventive policies and remedial programs to reduce dropout rates and increase academic proficiency in K-12 education.

A more specific issue raised by the study is the comparative feasibility and effectiveness of company-based training and programs such as JTPA that rely mainly on off-site training. Equity as well as efficiency is at stake; the economically disadvantaged have less access to company-based training. Also, since company-based training is sometimes firm-specific and nontransferable, the question of whether government should subsidize company-based training is an additional issue of importance.

Editor's Note

For those who want more detail, please see:

Tan, H. B. Chapman, C. Peterson, and A. Booth. *Youth Training in the U.S., Britain, and Australia.* Santa Monica, CA: The Rand Corporation, 1991.

The Performance Measurement Movement

Editor's Introduction

There is nothing new or mystical about the term "performance." It has a familiar and ancient aroma. Adam Smith surely talked about it. At base, it is a private sector concept. We talked about the performance of the Model A Ford several decades ago, and we want to know about the performance of the Toyota Celica in the 1990s. We talked about the performance of certain machine parts in assembly lines during the industrial revolution, and we now need to determine the performance of the computers of this decade.

What we have not tended to talk about is the *performance of social interventions*. These initiatives that flow from social policies have been expected to be successful or unsuccessful, or in more sophisticated terms their outcomes have been judged efficient or effective, but we have not talked about the *performance* of programs until quite recently. We not only transferred this word from the linguistics of the private sector but indulged in transnational borrowing — from Europe, Australia and other industrialized countries. The word came into its own in two worlds in the 1980s, the private and the public, and in the 1990s there is a veritable performance-oriented movement underway in postindustrial governments.

A number of nouns find themselves commonly used in discussions of *public performance* — performance measurement, performance indicators, performance targets, performance standards, performance management systems, performance measurement systems, performance standards systems, and so on. What does it all mean, and what is the benefit of focusing so much time and energy on *performance?*

The movement toward the measurement of program outcomes is at the heart of what we will call *the performance measurement movement*. In an environment of high government deficits and debts and pressures to downsize and restructure both the private and public sectors to maintain societies in a globalized economy, *accountability* for tax money spent has become an increasingly desired commodity at all levels of government. Accountability in the 1990s is now defined as *high performance*. In the private sector it would involve high productivity and the sale of products or services at a high level of market share. In the public sector it involves the achievement of proxies for social program goals.

Just as the private sector must monitor and evaluate products and markets, government must now monitor the outcomes and longer-term effects of social programs. Until the late 1970s, government focused more on "processes" than on the "products" resulting from intervening in the lives of individuals, groups and communities in an effort to enhance life quality and stabilize society. The term "performance" is the chosen label for this new emphasis. But strip the name away, and you have "program outcomes" and "program impacts," old familiar concepts.

What is novel is greater attention to *measurement issues* in developing outcome and impact indicators. That seems solidly beneficial. What is also new is the development of *targets, standards* and their associated reinforcement mechanisms, *incentive/sanction systems*. The definition of value here is more controversial. These trends represent a renewal of interest in what *strategic planning* can and should mean and assure. That is commendable. But the trends do not necessarily support the further elaboration and use of *evaluation research* in studying processes or program effects. That is misguided and unfortunate.

In this series of articles, we move beyond the reviews concerning performance management in Issue #11 of *Evaluation Forum*, but hopefully recalling the elements of this managerial reform detailed in that issue. The key words in those reviews were *strategic planning, performance measurement, quality assurance, customer satisfaction*, and *continuous program improvement*. You will see most of them again.

The articles in this series lack the integration readers have grown accustomed to in *Evaluation Forum*, but there *is* a modicum of logic in their selection. They address different aspects of a larger *strategic planning process*, of which performance measurement is a key dimension. In this sense, total quality management, short- and longer-term goal setting, the application of goal achievement strategies, the evaluation of the implementation of these strategies and of their effects, and continuous quality improvement are interrelated components of *comprehensive strategic planning*. The development of performance goals, targets and standards to monitor the progress of this planning process and enhance it, and the evaluation of the efficiency and effectiveness of the strategy in meeting goals, cannot be — should not be — analyzed in isolation from the other components.

Consequently, in the first article in this series we look at the definitions of, and the relationship between, *evaluation* and *continuous quality improvement*. The second article uses a case example — educational skills standards — in developing a *standards-driven performance assessment system* for human service initiatives and programs. The level and kind of skills attainment are important outcomes to be measured in judging the performance of education and training programs, and in studying the longer-term employment outcomes of employment-relevant initiatives.

The third article focuses on the federal government's large-scale effort in the 1990s to move the assessment of government activities away from an exclusive interest in process issues, and toward a judgment of performance (outcomes). This little-publicized initiative has created an *assessment model* applicable across the federal agencies, with significance for strategic planning at the state and local levels. It proposes a performance measurement system with broad utility, without ignoring the problem of implementing such a system in the real world of politics and bureaucracies.

The fourth article directs our attention to an important piece of national legislation in 1993 regarding the assessment of government performance, the *Government Performance and Results Act* (GPRA). It analyzes the implementation of this legislation in ten pilot sites. Again, the GPRA suggests a performance assessment model, and pinpoints the potential and actual difficulties in applying it.

The fifth article reviews the U.S. General Accounting Office's effort to serve as a consultant to the Congress on how best to carry out the purposes of the GPRA. To play this role, the GAO studied *performance-oriented assessment reform* in four industrialized countries.

The sixth and seventh articles in the series discuss the implications of the entrance of *government auditors* in the U.S. and Europe into the performance measurement movement, and the problem of neglecting evaluation research in the rush to tie budgeting to simple outcome measurement.

The eighth and ninth articles give us a glimpse of the performance measurement movements in *Australia* and the *Netherlands*.

The series concludes with two important *critiques of performance measurement systems*, based on a study of their unintended effects. These articles suggest that we use caution in using such systems, and recommend a closer linkage between performance measurement and evaluation research.

Performance Measurement and Continuous Quality Improvement

Performance measurement and *continuous quality improvement* seem welded together in the two-decade rush to focus on the results of social initiatives, experiments and programs for the manifest purpose of producing more useful information for improving program effects over time. The relationship between these two concepts earmarking a new movement in social policy and program assessment on the one hand, and evaluation research on the other, has seldom been addressed directly. This issue is finally given some attention in the June, 1995 edition of *Evaluation Practice*, a journal of the American Evaluation Association. The article is "Implications of Continuous Quality Improvement for Program Evaluation and Evaluators" by Melvin M. Mark, a psychologist at Pennsylvania State College, and Edward Pines of the Industrial Engineering Department of New Mexico State University.

What is CQI?

Unlike most analysts, Mark and Pines appear to equate *continuous quality improvement* (CQI) with *total quality management* (TQM). Most experts on the contemporary performance measurement movement see TQM as a team-based *management* strategy for commiting decisionmakers to improving production processes and worker productivity, and for meeting customers' expectations. TQM has also involved regularized monitoring of these *processes* as well as of *desired outcomes*. CQI more often refers to the feeding back of various kinds of assessments of social programs to their management structure, for making ongoing adjustments to the implementation, interventions, target groups and/or outcomes of programs.

The emphasis in CQI is frequently on program implementation — i.e. organizational and service delivery structures and processes — and the information fed back to management tends to come most often from a team cross-trained in each other's program areas and composed of program staff who have sought input from stakeholders. This contrasts with the feedback to managers coming from external evaluators. The general purpose of CQI is to identify quality problems and suggest solutions. While this purpose holds true for both TQM and CQI, these approaches are usually conceived as separate but complementary efforts.

The key to the potential relationship between *evaluation research* and CQI, the authors propose, lies in the fact that employer organizations and social program organizations committed to CQI are significantly different from traditional organizations. Those trained in CQI they say, exhibit these characteristics:

- They focus on customers' *internal and external needs and requirements*.
- They are trained in, and continually practice *systems analysis* and strategies for identifying *quality problems and program processes*.
- They use a *team approach* in studying, analyzing and carrying out improvements in quality.
- They monitor the *performance* of processes in order to assist in the improvement of quality, and in validating that improvements in quality have in fact been made.

These elements refer largely to the characteristics of CQI-oriented *staff*. The authors contend that CQI staff expect and experience ownership in this organizational change effort, which distinguishes them further from traditional organizations. However, a major component of CQI is commitment to this concept on the part of top-level management. The overriding goal is improvement of the quality of organizational and service delivery processes, which is to result in improved services and outcomes.

The authors claim that these facets of CQI set CQI-oriented organizations apart from traditional ones that tend to centralize management power, operate without prescribed procedures for identifying or resolving quality problems, and emphasize results more than processes. The CQI organization requires a more participatory approach to management, organizational development, and service delivery.

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Implications for Evaluation Research

The authors propose that the participatory style of CQI-oriented organizations makes *evaluation* planning easier to accomplish, and assists evaluators in implementing certain types of evaluation activities. For example, they say it aids evaluators in conducting *evaluability assessments* because the organization's objectives and the processes through which they are meant to be achieved have been clearly defined. Also the design of the program (its theory of change), the resources available to the program, and the causal chain involved in moving clients from pre-intervention status to postprogram status tends to be specified. In this sense, a successful CQI-oriented organization comes close to precluding the need for an evaluability assessment, the authors suggest.

What Mark and Pines refer to as *internal formative evaluation* is also assisted in a CQI organization, they say, since in many cases the two approaches express the same goal. This goal is to provide relevant and timely information on the basis of which managers can make decisions — information that can influence the direction management decisions take.

It may be a different story with *summative evaluations*, they believe, because of the potential for bias in drawing causal inferences from program results that have been produced substantially differently, by a participatory CQI process versus a traditional one. Without a careful *process evaluation* (implementation study), they say, the validity and generalizability of outcome studies can be quite shaky.

To prevent the production of biased results, Mark and Pines insist that CQI teams need training in evaluation research principles and standards, as well as cautions in interpreting the results of their efforts. But the largest challenge for evaluators may lie in convincing CQI staff that what they are doing, however important and useful, is not the same as scientific evaluation, and does not come equipped with the same techniques for sorting out the cause-effect relationship between interventions, implementation modes, client characteristics and outcomes that an application of scientific method affords.

The authors point to certain programs that have been the ongoing object of CQI efforts, indicating that some of these programs are, at their core, inefficient and ineffective by evaluation research standards and should be discontinued instead of "improved." And CQI teams may mistake customers' *perceptions* of increased quality for the real thing. The authors see a need to evaluate how well CQI approaches are working in terms of actually improving programs, using more rigorous evaluations to help determine their effectiveness vis-a-vis their stated objectives. And process evaluations of CQI-oriented organizations can be very valuable. Also they see the merging of CQI-generated information and information from process evaluations as a very useful marriage.

Editor's Note

Readers may be interested in the following related references:

Capper, C. A. and M. T. Jamison. "Let the Buyer Beware: Total Quality Management and Educational Research and Practice," in *Educational Researcher* 22, 1983.

Lipps, G. and P. R. Grant. "A Participatory Method of Assessing Program Implementation," in *Evaluation Practice* 13, 1990.

Wholey, J. S. "How Evaluation Can Improve Agency and Program Performance," in *Improving Government Performance* edited by J. S. Wholey, K. E. Newcomber and Associates. San Francisco, CA: Jossey-Bass, 1989.

Challenges in Developing Performance Measures and Standards: *The Case of Educational Skills*

The skills standards project of the National Governors' Association (NGA), conducted in cooperation with the National Center for Education and the Economy, is an important and useful illustration of some of the challenges involved in measuring performance. A series of reports on performance measurement have been produced by the project for use by the *National Skills Standards Board* created in the *Goals 2000: Educate America Act*. This Legislation mirrors recommendations in the 1990 report by the *Commission on the Skills of the American Workforce*. The long-term objective of the Board is to establish a framework for a national *system* of industry-based skills standards and credentials.

In this article the focus is on one particular NGA report in the series, *Performance Assessment Systems: Implications for a National System of Skill Standards. Volume II–Technical Report* by John G. Wirt. Wirt carefully reviews several U.S. Department of Education projects, capturing insights for application in designing new systems of *standards-driven performance assessment* in education. Figure 1 provides an overview of the purposes of these projects. In all three projects the general mission has been to raise student learning standards and reform assessment practices. The measurement concepts used are more "judgment-based" — similar to those used in occupational skills assessment — than "objective," such as in educational testing.

Varying Assessment Methods

Wirt's major interest is in the efficacy of different versions of assessment systems. He claims that research has shown unequivocally that the use of traditional standardized educational tests can narrow the learning environment by encouraging an overemphasis on factual knowledge and lower-level educational skills, even though standardization clearly increases the statistical reliability of performance measurement. Broaden-

Figure 1 ■ Overview of Certain U.S. Department of Education Projects

Project	Purposes
National Board for Professional Learning	To improve the quality of education for all children by setting national standards for accomplished teachers. To change the nature of teaching as a career. To foster ongoing professional conversations about accomplished teaching. To influence the way the educational profession views professional development. To change the public's perception of teaching.
New Standards Project	To bring about systemic change in education through reforms in curriculum, assessment and teaching practices. To develop internally-benchmarked educational standards all students should achieve. To create related performance assessment and examination systems. To replace "standardized, norm-referenced, multiple-choice tests of basic skills and knowledge that drive classroom practice in the wrong direction" with new assessment forms based on the performance of tasks encouraging in-depth thinking and an integration of a range of skills.
California Learning Assessment System	To develop a statewide performance assessment system supporting local school reform and improvement. To apply a series of curriculum "frameworks," or standards, in instituting reform.

ing tests to incorporate higher levels and more complex reasoning skills forces a reduction in the level of standardization, making it difficult to generalize test results. Therein lies the dilemma in measuring complex skills.

Wirt advocates for new forms of standards and assessment strategies. These are significantly different than standardized testing, testing based on the psychological model of skills and abilities, and the job-competency model based on industrial management concepts.

In this respect, the three case examples offer some common features of interest. Content standards are described as "texts" presenting a *vision of expert performance* rather than being extensive lists of discrete tasks or skills. Concrete examples of actual complex performance are used to communicate both content and performance-level standards. Content standards distinguish among different "domains of thought and action" for which standards are to be set.

All three assessment projects have relied on methods that present test-takers with realistic problem situations and judge their responses using panels of raters who follow a structured method of evaluation. The measurement assumptions supporting this "interpretative" model are substantially different from those underlying the statistical approach. Wirt believes that the philosophical framework for setting standards and assessing performance in these projects offers promising alternatives for industry skill standards and other systems.

Problems in Setting Standards

However, Wirt gives attention to two major problems in describing different levels of performance and deciding which levels, or combinations of levels, should be used as *absolute standards of expected performance*. Setting these absolute standards is what gives standards the power to direct behavior.

The *first problem* arises when the results of assessments are used for "high-stakes, go-no-go" certification. In this case, the results of assessments must be unusually reliable or errors will surely be made. In fact, Wirt says there is ample evidence that such mistakes have been made. *Another problem* is that a single, overall judgment of pass/fail must be made in situations where there are multiple content dimensions for judging performance, multiple performance exercises for judging performance, and multiple judges. One solution, Wirt suggests, is to create expert panels that develop performance standards used mainly as benchmarks in the judging process.

There is also *the problem of generalizing the results of performance assessments*. However, achieving comparability in judgments throughout a performance assessment system can be increased, Wirt proposes, by involving large numbers of practitioners in the judging process. This may reduce statistical reliability but it would increase comparability in complex performance systems.

Comments on Wirt's Analysis

Although the analysis is education-specific, some of the general insights are applicable to the development of skills standards and the measurement of performance in workforce preparation systems as well as in other social program areas. The dilemmas and problems identified in the educational field have transfer application to employment and training and other policy fields. An important caution can be borrowed from Wirt's analysis, namely that *a narrow set of performance measures rarely describes the true complexity of interventions and outcomes adequately,* even though the statistical reliability of performance judgments using these measures — and their generalizability — may be greater. Consequently, in the context of growing reliance on performance assessment systems, there is a serious need to be vigilant about such problems and seek a better balance in developing them across all social policy initiatives.

■■

Performance Measurement Systems and the *National Performance Review*

In March 1993, President Clinton asked Vice-President Gore to lead the *National Performance Review* (NPR), an effort to "re-invent" the federal government. Annual reports on the progress of this initiative were expected. The first report of the NPR made no less than 384 recommendations. Subsequent reports, and *Accompanying Reports* on special issues or particular agencies, added to these recommendations. At the same time, these reports gauged progress against NPR's goals: to reduce the size and redefine the role of the federal government. The underlying purpose was to make the central government more efficient and effective.

In this article we summarize NPR recommendations regarding *information production* and *performance measurement*. One of the major actions taken in support of NPR's agenda concerning these two issues is the development of *performance agreements* signed by the President with the directors of his major federal agencies. These agreements involve the development of measures of performance for each agency. By 1998, the federal government is expected to produce its first *results-oriented financial statement*. In this sense, performance measurement and budgeting are to be closely coordinated for the first time.

The 1993 NPR *Accompanying Report* Directed to the U.S. Department of Labor

In the National Performance Review's series of reports, twenty-one recommendations were directed to the U.S. Department of Labor. Staff teams internal to the Department were expected to participate with the NPR in implementing these recommendations. Although the suggestions focus mainly on cutting costs and red tape, consolidating selected programs, and integrating services, they also give attention to *information needs* and *accountability issues*. With respect to the consolidation of reemployment programs, the recommendations include developing more efficient and sophisticated data systems and collecting more adequate data for monitoring the progress of program participants and the "performance" of programs. Regarding the creation of customer-oriented "One-Stop Centers" intended to provide a comprehensive set of services across multiple federal and state programs, the recommendations cite three kinds of information needs:

- Information accessible to customers on the labor market, and the quality of different education and training options.
- Information on the level and kind of satisfaction experienced by customers with the program services they receive.
- Information about the extent to which programs are "performing" vis-a-vis the measures used to judge performance.

The NPR views "ensuring public accountability" as an essential function of the federal government in the federal/state/local partnership supporting the establishment and operation of the One-Stop Centers. An appropriate definition of accountability, NPR suggests, depends on acquiring sufficient information on the multiple programs involved, and on the development of adequate information systems for the collection, storage, extraction and analysis of these data.

To encourage states to develop *statewide workforce development systems* and *local workforce boards* that more effectively coordinate policy development, planning and oversight, the NPR recommends that federal funding to initiate One-Stop Centers be available only to states willing to *increase accountability*. NPR also suggests that the Department of Labor provide state workforce councils with resources for *capacity-building* and *information on "best practices." Performance-based competition* across One-Stop Centers is also promoted.

Strategic Planning

The 1993 report essentially creates a new environment for national strategic planning regarding workforce development. The National Economic Council is expected to establish a *strategic plan* through the joint efforts of the Departments of Labor, Education, Energy, Health and Human Services, and the Office of Management and Budget — with the participation of the Departments of Agriculture, Commerce, Veterans' Affairs, Housing and Urban Development, representatives of state and local government, and the employer community. *Program coordination* is seen as a key task in developing a systematic, ongoing national planning process. A number of subtasks are considered critical:

- Development of a *core set of uniform terms and definitions* across the myriad of workforce development programs.
- Standardization of *fiscal and administrative procedures, rules and regulations*.
- Development of a complementary set of *results-oriented performance standards*.
- Collection of more useful *qualitative information on program performance*.

NPR views these assignments as important contributions to "a more comprehensive, universal, customer-driven, integrated workforce development system." To move closer to such a system, it is clear that agencies will need to volunteer considerably more staff time in the context of *no new resources*.

The Development of a Core Set of Uniform Terms and Definitions

This unique and difficult initiative is expected to produce substantial results:

- Joint intake forms.
- Common data elements.
- Sophisticated computer technologies to improve information, services and access.
- Comparisons across related programs.

In the 1992 JTPA Amendments, the Department of Labor was required to establish a federal interagency work group that would identify a core set of consistently defined data elements and definitions for JTPA, JOBS, the Perkins Act, and Title V of the Older Americans Act.

The report of this task force, *Core Data Elements and Common Definitions for Employment and Training Programs* was published by the U.S. Department of Labor in January 1996. (Issue #11 of *Evaluation Forum* reviewed this report.) This report also supports the creation of an interagency *Workforce Development Council* at the federal level.

The Development of a Complementary Set of Results-Oriented Performance Standards

A set of *desired outcomes* for most workforce development programs has already been identified, but the definitions of these outcomes often vary, and not all relevant outcomes are given attention. Furthermore, the *quality* of these outcomes is frequently ignored. More significantly, performance standards may involve *too few variables and measures*, or fail to incorporate *the most critical ones*. Evidence indicates that standards, as a reward and sanction system affecting program funding, can redirect programs away from their intended goals and target groups. And standards may not require sufficient information about the *level of achievement* of key outcomes to be of maximum fairness and use in planning and budgeting.

The interagency work group is expected to walk this mine field successfully, developing a set of performance standards that represents the *common desired outcomes for multiple programs*, recognizing that not all programs should be guided by the same standards, and that all standards require ongoing adjustment based on evaluations and program experience.

The Development of Qualitative Information on Program Performance

Although the NPR report for the Department of Labor does not elaborate on what is meant by "qualitative" outcomes, we can assume that attitudinal measures of customer satisfaction are an example. The larger goal seems to be an expansion of the set of desired outcomes to include information about selected characteristics of these outcomes, such as the nature of the training received, the occupational category of the job recipients obtain, the nature of the work environment and the characteristics of the workplace.

The 1993 NPR Accompanying Report on Mission-Driven, Results-Oriented Budgeting

Tying the budgeting process to performance measurement, NPR defines the functions of budgeting broadly:

- *A managerial process* that determines the direction that should be taken in improving management and overall efficiency.
- *A marketing process* that helps promote programs and services.
- An *accountability process* through which policy priorities and desired outcomes can be developed and monitored.

Having so defined budgeting, the NPR concludes that traditional federal government budgeting has neglected goal-setting and overemphasized inputs, reducing government accountability. The NPR claims that a change in the *culture* of budgeting can "encourage long-term thinking, define goals, translate them into desire results, and use performance measures more effectively to make more informed decisions on program priorities and resource allocation . . . [and to] convert accountability for spending money to accountability for achieving results, within the resources allocated, to meet or exceed performance standards and objectives."

History

Actually there is nothing new about the concept of results-oriented financial planning. It is standard in academic planning departments, as part of strategic planning principles. It was anticipated early-on in the public sector — in the *government performance movement* of the 1940s and 1950s, the *Programming, Planning and Budgeting* framework emerging in the 1960s, the *Zero-Based Budgeting* of the 1970s, and the *Management By Objectives* and *Total Quality Management* concepts of the 1980s.

In the private sector, major corporations restructuring for global competition have reoriented their own priorities toward customer service, placing primary emphasis on quality and requiring attention to continuous improvement in processes and products. Clearly benchmarking, or measuring performance against a standard, has come into its own. The public and private sectors are converging in embracing *results*. Which sector has had the most influence on the other is uncertain but a 1993 survey of corporate executives in 75 major American corporations, conducted by the U.S. Treasury Department, concluded that federal program managers should learn from "corporate best practices," referring to the growing interest in outcomes and their quality.

Internationally, postindustrial countries in Europe and Asia, also feeling the bite of broader competition, have increased their use of performance management to guide public administration, program management and budgeting. We have entered a new era in which satisfying the taxpayer and the customer has moved to center stage. This is reflected in the landmark *Government Performance and Results Act* of 1993. The purposes of the Act are outlined in Figure 1.

Figure 1 ■ Purposes of the Government Performance and Results Act

- To hold federal agencies accountable for achieving program results.
- To initiate a reform of performance through a series of pilot projects in federal agencies which test performance management concepts prior to full implementation of the Act — i.e. set goals, measure performance against these goals, and report publicly on programs.
- To promote a new emphasis on results, on service quality, and on customer satisfaction.
- To require federal managers to plan how to meet objectives and provide them with information about program results and service quality.
- To provide more objective information on achieving statutory objectives, and on the relative effectiveness and efficiency of federal programs and spending.

All agencies are to 1) define their long-term goals, 2) set specific annual performance targets, and 3) report annually on the performance vis-a-vis the targets.

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The interest in "re-inventing" government does not necessarily mean that government has gone beyond the sheer *rhetoric* of the new accountability movement. A 1992 GAO report, *Program Performance Measures: Federal Agency Collection and Use of Performance Data,* indicated that a survey of federal agencies and their departments showed that fewer than half had actually used performance information in monitoring their progress in achieving agency goals, even though two-thirds had developed strategic plans and were collecting performance data. Even fewer were using performance measures in reports disseminated to other agencies and the public. More *significantly, few were using performance information in making policy and management decisions.* The existence of NPR set off a siren for change.

NPR's Recommendations

Acknowledging that unacceptably high federal deficits have spurred a reconsideration of the budgeting paradigm internationally, the NPR is nevertheless insistent that its recommendations can apply equally well in a period of abundance. These recommendations fall into several categories:

- The strengthening of *accountability for results,* with politicians defining the political priorities, followed by agreements with managers about goals and how achievement of these goals is to be measured.
- A number of postindustrial countries are now requiring the development of mutually agreed-upon missions, goals and objectives for organizational performance, which tie the performance of senior government officials to a government's major goals. Many corporations are doing the same, linking performance agreements with organizational goals and team performance. In the U.S., effectively implementing the Government Performance and Results Act is a case example of a much broader trend.
- Once decisions have been made and agreements established, the empowering of managers to achieve their goals, by providing *sufficient resources* and reducing *excessive regulatory burdens.*
- The streamlining and improving of the *budget development process, to* provide managers with more timely information on policy priorities and funding levels, and to coordinate budget resources with agency missions, goals and results.

These three initiatives were in sync with the Government Performance and Results Act in 1) developing strategic plans, 2) estabishing performance agreements, and 3) creating results-oriented task forces to coordinate the development and use of performance measures, ensuring that performance information was reliable and valid. But the NPR's recommendations went further:

- Each agency is to compare well with other similar organizations in achieving "benchmark standards for quality, service and cost."
- All directors, managers and budget offices are to incorporate performance objectives and *results* as key management elements in developing, reviewing and deciding on budgets.
- Appropriation accounts and line items are to be aligned with the programs designed to carry out policies, and are to be charged with the *costs* these programs generate.
- Agency heads are to adjust their operating plans to clarify performance goals.
- The President is to propose *biennial budgets,* and Congress is to adopt biennial budget resolutions and appropriations.
- The Administration is to establish a *coordinated team approach* and develop an internal mechanism for allocating funding according to broad government missions, agency by agency.

Such suggestions are tied to the NPR's major interest in results, quality and customer service, with the logical chronology of steps similar to these:

- Development of an agency's mission.
- Clarification of an agency's goals and objectives, consistent with its mission.
- Description of the strategies the agency plans to use in achieving the goals and objectives, drawing on policies and program legislation, historical and current program data, and the needs and expectations of the program's customers and stakeholders.
- Identification of the kinds and quantity of goods and services to be produced and for whom, and the quality expected in those goods and services.
- A comparison of programs with similar ones, or with examples from the private sector, to establish performance benchmarks, based on the accomplishments of other programs.
- Development of operational plans and shorter-term performance targets or standards for reaching the benchmarks, based on evaluations of current activities and efforts to improve them.
- Establishing effective agency teams to support the above, and to oversee the monitoring of progress.
- Development of common goals for data collection across programs, such as common outcome measures and benchmarks across programs with similar purposes, interventions and target populations.
- Inclusion of performance objectives and results as key elements in financial and managerial reviews.

Challenges in Implementing NPR's Recommendations

Although there is now considerable agreement in government that it is essential to measure and monitor performance, the development of performance measures and standards, and particularly the notion of linking these with budgeting, pose some problems. NPR is refreshingly frank about them.

Performance measurement needs to be simple and useful, the NPR report recognizes, with the goal of using *a small number of easy to define measures.* Developing performance measures is to involve living with a particular set of assumptions about what is most important to achieve, and then making choices among competing long vs. short-term goals. This is to be accomplished in the context of the cost of

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acquiring good information about the achievement of those goals and the human resources needed to interpret that information for policy use.

Cost and resource considerations can narrow the set of variables utilized. Not all critical elements of a program may be measured, risking an insufficient understanding of its full complexity. Furthermore, the measures chosen may not be reliable or valid. Also different federal programs have significantly different desired outcomes, therefore performance must be measured differently in diverse programs.

Unlike previous accountability thrusts, the new movement requires considerable *customer feedback* in developing performance measures. Admirable and useful as this may be, it can slow and complicate the process. It sometimes risks divisiveness that reduces an acceptance of the measures and the planning process. And the movement to focus more exclusively on results may create "performance information bureaucracies" that develop a life of their own. The NPR does not ignore such challenges.

The 1995 NPR Report

This time the NPR report was in book form, written by the Vice-President — a journalist before moving into politics. This most recent report is an interesting review of progress in implementing previous recommendations, but it does not neglect ways in which the federal agencies should resolve continuing problems. Gore reiterates that there was a tendency in the past for the federal government to collect information on inputs to the neglect of *outcomes*, and with little attention to the *quality* of either. He claims that agencies often forgot what their initial missions and goals were, in the context of lax expectations about understanding the results of their efforts.

Gore reminds us that the 1993 *Government Performance and Results Act* was a way to guide agencies away from a focus on procedures and processes toward an emphasis on performance. The Act required agencies to define their goals more precisely, make specific commitments to achieving them, and establish formal "outcome measurement systems" to allow them to track progress against goals.

It also requested that ten *pilot projects* be developed by the federal agencies to test the utility of this new legislation. Since 1993, no less than seventy projects have been created. For the first time, twenty-four major federal agencies have been required to provide *annual audited financial statements*.

The Act essentially set the stage for the *National Performance Review*. But Gore points out that the NPR was not the only effort at government reform in the 1990s. He reviews a host of legislative initiatives that provide additional evidence of a new awareness of the importance of "government accountability," such as the *Government Management Reform Act*, the *Chief Financial Officers Act*, and the *Federal Acquisitions Streamlining Act*. And other forces have been at work simultaneously, at both the federal and state levels, which supported NPR's reinvention strategy — such as a growing interest in studying *customer satisfaction*. NPR built on this interest by establishing *Customer Service Standards*, which amounted to performance standards specific to customer satisfaction. The standards involved specific outcomes and commitments for achieving them.

A parallel effort developed benchmarks for *service* quality, drawing insights from private/public "best practices." To lend strength to the accumulative effect of different reform efforts, in March 1995 President Clinton issued a directive reinforcing the requirement that agencies develop and publish *customer standards*. He required them to survey customers to identify their needs, measure customer satisfaction based on what outcomes mattered *most to* the customers themselves, and integrate customer service activities with all other performance initiatives. Among other purposes, this approach was expected to increase managers' ability to *continuously improve* program organizations, services and outcomes.

What the NPR was attempting to do was to infuse government with what it felt was the best version of *private sector concepts and practices*, to improve its capability, responsiveness, and performance. The public had become the stockholders, the government the corporate manager, program services the product, and performance measurement the way to monitor market share, sales levels, earnings growth and share prices. This cross-cultural transfer required that government organizations understand as clearly as successful businesses the goals toward which activity should be directed. Now, in 1996, federal agency-White House performance agreements identify each agency's performance goals and objectives, document a commitment to honor them, and seek to reward senior agency personnel on that basis.

The linguistics of the NPR and related efforts to reform government is rife with *downsizing, streamlining, restructuring* and *privatizing*. Government action taken since 1993 and reported by the NPR would suggest that a great deal has been accomplished by this combination of strategies. Gore compares the NPR approach to *enterprise development*, suggesting that a good enterprise measures what matters, and these measures tell managers how and in what ways they are or are not succeeding as well as what to do to improve performance. "If the essence of enterprise development is risk-taking and experimentation," Gore says, "measurement tells us how the experiment is going."

Some Concluding Review Comments

The National Performance Review has maintained faithfulness to its mission, to recommend and monitor the creation of a new form of central government. The principles and standards it seeks to promote are becoming the "universals" for postindustrial governments. What now seems to be needed, as part of NPR's activities, is *a permanent task force to study the risks and benefits of moving in the results-oriented direction*, giving careful attention to the potential risks and monitoring the tradeoff over time.

This task force should also address the issue of *what role evaluation research should play in this new movement*. Science-based program evaluation is mentioned in passing, and not negatively, but it is not made an integral part of the performance movement. Without evaluation research, we will not know the policy significance of the "results" we have so compulsively measured and reported in the 1990s.

Editor's Note

The National Performance Review has published yearly progress reports based on its mission and goals, and a large number of *Accompanying Reports*.

Annual Reports

September 1993: *From Red Tape to Results: Creating a Government That Works Better and Costs Less*

September 1994: *Creating a Government That Works Better and Costs Less: Status Report*

September 1994: *Putting Customers First: Standards for Serving the American People*

September 1995: *Common Sense Government: Works Better and Costs Less*, by Al Gore

Accompanying Reports

Report for the U.S. Department of Labor

Transforming Organizational Structures

Improving Customer Service

Mission-Driven, Results-Oriented Budgeting

Reinventing Human Resources

Management Reengineering Through Information Technology

Rethinking Program Design

Strengthening the Partnership in Intergovernmental Service Delivery

Additional References of Interest

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Oregon Benchmarks: *Standards for Measuring Statewide Progress and Government Performance*. Oregon Progress Board. December 1992.

Osborne, D. and T. Gaebler. *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*. Reading, MA: Addison-Wesley, 1992.

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U.S. Department of Treasury: *Performance Measurement: Report on a Survey of Private Sector Performance Measures*. Washington, D.C., January 1993.

U.S. General Accounting Office: *Managing for Results: Experience in Four European Countries and How They Might Be Applied in the U.S.* Washington, D.C., January 1993.

__________ *Using Performance Measures in the Federal Budget Process*. Washington, D.C., July 1993.

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Testing the Government Performance and Results Act

The National Academy of Public Administration (NAPA) was chartered by the U.S. Congress in 1967 to improve the art and science of public governance. It is composed of four hundred current and former federal Cabinet officers, members of Congress, governors, mayors, state legislators, jurists, public managers, business executives and academicians. In 1994, NAPA formed an *Advisory Panel on Improving Government Performance*. This panel was co-chaired by Harry Hatry of The Urban Institute and Joseph Wholey of the University of Southern California. Wholey is now at the President's Office of Management and Budget (OMB). The results of the panel' s work were reported in a monograph published in 1994, *Toward Useful Performance Measurement: Lessons Learned from Initial Pilot Performance Plans Prepared Under the Government Performance and Results Act*.

In the preceding article about the President's National Performance Review, we discussed the Government Performance and Results Act of 1993 (GPRA). This legislation requires a process of goal setting, performance measurement and regularized review as a basis for a new performance-oriented approach to public governance — all ingredients in a new definition of *strategic planning*. *Ten pilot projects* were to test this approach over a three year period to provide insights for implementing the Act. However, no less than seventy-one *performance plans* were submitted to OMB. This involved thirteen of the fourteen federal departments. Fifty-two plans were accepted. Quite remarkably, this occurred in the context of minimal OMB guidelines, no training, and no additional funding for this large project.

NAPA had taken a strong interest in performance measurement since 1979 when it published the *Productivity Improvement Handbook for State and Local Government*. Subsequently the organization passed a resolution supporting performance measurement and monitoring. Later NAPA established the Advisory Panel to review the performance plans of the pilot projects testing the GPRA, and to synthesize ideas from this unprecedented planning effort. This article summarizes NAPA's review.

Review Criteria

NAPA reviewed forty of the performance plans for pilot projects within a particular set of assumptions about performance measurement. The Panel's perspective was that the measurement of program "outputs" and "outcomes" provides essential information about *goal achievement* — that is, about problems needing resolution and how to improve programs. Performance data were also seen as establishing public *accountability*. The review of the projects looked for strategies being used that would test these assumptions.

Therefore, the Panel was careful to specify criteria for judging the plans submitted by the pilot projects. The main criteria were:

- The reasonableness, clarity and comprehensiveness of mission statements, and the relationship of missions to performance plans.
- The mix of performance indicators suggested in the plans, such as measures of inputs, processes, outputs and outcomes, as well as efficiency and service quality measures — but with the main emphasis on outcomes.
- The adequacy of plans for judging data reliability and validity.
- Whether the use of numerical performance targets based on performance indicators were suggested, and what the basis was for these targets.
- The likely utility of the performance measures and targets suggested in plans to policymakers and program managers in improving program performance, and to Congress and the public in demonstrating program accountability.

The Results of the Panel's Review

Applying these criteria, the Panel's review produced these conclusions:

Timing. Too little time was made available to federal departments and agencies for preparing performance plans. Personnel in the pilot projects clearly needed training in performance measurement, as had been recommended in the Act.

Scope. Some agencies had avoided developing performance indicators because they felt they had little control over the influences to be measured, and that performance based on targets would not explain the extent to which observed outcomes could be attributed exclusively to programs. Interestingly, agency officials proposed that *only in-depth program evaluations* were capable of establishing this kind of *cause-effect* relationship, and therefore only when evaluations were linked with performance management could they feel comfortable about the proposed new approach.

Organizational responsibility for performance measurement. Participation in developing performance measures and targets by all levels of agency management — particularly by top-level administrators — appeared lacking. This weakened agencies' commitment to performance plans. Also, few agencies had given thought to performance measurement regarding their relationships with other agencies with similar missions.

Relationship between performance indicators, legislative goals and agency missions. There was insufficient linkage between the measures developed and the legislative purposes, missions, and strategic plans of agencies. In some cases, mission statements were entirely too broad to reveal these connections; in others no strategic plan was evident. There was a general tendency to rely on existing administrative data in developing measures, with too little emphasis on what measures might be best in monitoring agency activities against their missions and goals. Few agencies had involved their clients in providing ideas about performance measures.

Nature and complexity of the performance measures. Likely due to the lack of guidelines by OMB, agencies differed in their definitions of performance measures. Also, the sets of measures were frequently narrow and limited, repeating the earlier focus on process data. This was so even though most agencies were collecting outcome data. The lack of customer feedback was evident in the paucity of measures for judging customer satisfaction.

Validation of data sources. Few performance plans included methods for assuring that the data collected for performance management purposes were reliable and valid. Where these issues were addressed in plans, *only simple audit strategies, rather than scientific methods, were suggested.*

Improving program performance. In reviewing plans for how performance information was to be communicated to program managers for program improvement, a major purpose of the GPRA, the panel found plans unclear about the basis for selecting performance targets. In many instances, no targets were proposed, in others the targets chosen appeared not to have involved a re-evaluation of traditional approaches. Most serious, there was *little evidence that performance information would actually be used to improve performance* — i.e. would be disseminated to operating units of programs. Furthermore, most plans did not suggest disaggregating performance data — such as by type of clients, organizational unit, or geographical area.

Explaining program performance. Plans did not propose ways to include *explanatory information* in program reports that would suggest potential reasons for a particular level of performance on measures and targets.

Dissemination of performance information to the Congress and public. Performance measures and targets were often presented in plans without an adequate context in terms of the level of understanding of Congressional leaders and the public. The larger design of programs, of which performance measurement was a part, was not well communicated or explained in commonly understood language.

The Panel's Recommendations

The Panel actively considered recommendations for improving performance plans. Figure 1 (page 58) summarizes their main suggestions.

The initial report card on the pilot projects does not translate to an "A," but much progress has been made in a very short time by large-scale government bureaucracies that historically resist change. Given the time line, it surely was not realistic for OMB or NAPA to have expected more at this juncture. Meanwhile, the lessons gleaned in the NAPA review will contribute important insights for next steps in this long-term, complex and promising federal project. The GPRA requires all federal agencies to participate in strategic planning and performance measurement by fiscal 1999. Performance targets are to be provided by September 1997 and annual performance reports are to begin by March 2000. This is a very ambitious planning agenda.

Figure 1 ▪ NAPA Advisory Panel's Recommendations

Issue	Recommendations
Timing and Scope of the Performance Plans	All departments and agencies should speed the development of of the strategic plans, the development of performance measures, and the identification of sources of information to support the measures. Training in developing performance measures for program improvement purposes needs to be provided, as well as opportunities for sharing information on this task across federal departments. *Providing explanatory information about the probable relationship between programs' interventions and their performance should be an integral part of performance reports, so that outcomes likely attributable to programs can be distinguished from those likely due to other factors. The limitations of performance measurement should be made explicit.*
Departmental Responsibility for Performance Measurement	The top level of departments and agencies should play a more active role in strategic planning and performance measurement, particularly in formulating and improving performance management systems. Program managers should play a strong role in identifying performance measures that will help them improve programs. And the federal government should develop a method for studying the range of agency and program performance measures, to identify and reconcile interrelated missions and measures.
The Use of Performance Measurement	Consistent linkages should be evident between missions, goals, strategic plans, and annual performance plans — and these processes and products should be connected logically to the broader goals of top management and the Congress.
Management Systems to Achieve Legislative Goals, Agency Missions, and Program Improvement	Each agency should establish a hierarchy of goals and performance measures appropriate to the different levels of government, which are internally consistent. If new data collection appears essential, agencies and programs should propose the additional measures needed. In the process of developing measures, agencies and programs should seek input from their organizational stakeholders and clients which can be incorporated in performance measurement systems. Annual performance targets should be set realistically, but should be developed to encourage progress beyond traditional levels. Consequently, performance plans should include long-term performance goals as well as the targets for the following year. The definition of "excellent performance" needs to be incorporated.
The Nature of Performance Indicators	Top agency management should encourage a focus away from the exclusive use of process indicators to the use of a broad range of performance indicators. A consistent set of measures, their operational definitions, and guidelines for applying them should be classified usefully, such as by *performance indicators, performance targets, inputs, outputs, outcomes* and *resources required*. Performance plans should identify basic data sources and what methods will be used to assure that measures are valid in representing key factors, are reliably collected, and are timely. Technical assistance needs to be provided to maintain the quality and relevance of automated performance-based information systems.
Reporting Performance	Classifying information will assist different groups of organizational users at the federal level in fully utilizing performance reports. Simple diagrams can clarify program operations, and illustrative cases can help users understand the program context.

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Editor's Note

For more information on performance measurement issues, please see these publications:

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Hatry, H. and D. Fountain. *Service Efforts and Accomplishments Information: Its Time Has Come.* Norwalk, CT: Governmental Accounting Standards Board, 1990.

Hatry, H. and D. Fisk "Measuring Productivity in the Public Sector," in *Public Productivity Handbook* edited by M. Holzer. New York, NY: Marcel Dekker, Inc., 1992.

Hatry, H. et al. "Eleven Ways to Make Performance Measurement More Useful to Public Managers," in *Public Management*, September 1994.

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The Experiences of Other Countries with Performance Measurement

The U.S. General Accounting Office (GAO) has produced a series of reports on management reforms that involve performance measurement.This article concentrates on *Managing for Results: Experiences Abroad Suggest Insights for Federal Management Reforms*, published in May, 1995. The report responds to a Congressional request for ideas about implementing and assessing the management reforms required by the *Government Performance and Results Act of 1993*. It analyzes the experience of four industrialized countries recognized as leaders in the movement toward "results-oriented" government reform — Australia, Canada, New Zealand and the United Kingdom.

The Reform Concept and Its Trade-Offs

The major features of the reforms studied in these countries by the GAO are *strategic planning*, the *development of goals and objectives*, the *measurement of progress* in meeting these ends, and the *reporting* of progress to the public. Although "management by objectives" thinking is not in any sense new, many Americans caught up in our current performance measurement movement may be unaware that the four countries examined have been carrying out results-focused management changes for over a decade. This effort has paralleled their pursuit of changes in the organizational culture of private sector entities.

It is not surprising that one of the most challenging tasks in instituting performance management systems in these countries has been *changing the managerial culture*. There have been substantial differences in the speed with which the desired cultural changes have occurred, and in the extensiveness of the changes across diverse governmental departments and agencies within these countries.

In all four nations, the reforms were catalyzed by serious economic problems and pressures to provide better evidence of goal achievement, the same influences fueling our own managerial revolution. The associated need to provide more useful information about the *efficiency* and *effectiveness* of government departments, agencies and programs moved reforms away from a focus on inputs and processes, and in the direction of outcome measurement.

As a tradeoff for increased accountability through outcome measurement, typically managers in these countries have been given *greater flexibility and autonomy in allocating resources* in newly decentralized and devolved social service environments. However, the reforms bind regional and local government organizations to central governments through *multi-level performance agreements*. These assure that managers will be held accountable for the results they achieve, based on agreed upon *performance goals*. In these agreements, the definitional steps from *mission* to *goals* to *objectives* to *measures of performance* are to be a logical progression, each step leading to increasingly more specific understandings of the meaning of *efficiency and effectiveness*.

There has been some confusion among managers, however, about the difference between *devolution*, which the GAO defines as the transfer of decisionmaking capacity from higher organizational levels to lower, and *decentralization*, which the researchers define as the redistribution of functions from central organizational units to more dispersed ones. Some managers have defined the new flexibility in both directions, irrespective of the intent of the reforms.

Some Useful Conclusions from the GAO Study

The GAO researchers found these characteristics to describe the movement toward results-oriented management in the four countries studied.

- Development and definition of a logically consistent set of department, agency and program missions, goals, objectives and performance measures.
- Holding management accountable for desired results.
- Provision of greater management autonomy in allocating resources within overall budget ceilings, and in developing incentives for meeting goals.
- Capacity-building and technical assistance to support results-oriented management.

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- Development of information systems to collect, report and analyze department, agency and program data for monitoring and assessment purposes.

Participatory Planning and Implementation

In the United Kingdom and Australia, management and staff are sometimes brought into the strategic planning process, leading to a greater sense of ownership of goals and a stronger commitment to improving performance. Annual *operating plans* translate strategic plans into detailed objectives for day-to-day activities. In developing such plans, New Zealand and the United Kingdom have emphasized the more immediate measures of performance — i.e. measures of *quantity, quality, efficiency* and *"output" cost* — rather than longer-term effectiveness measures. But all four governments use a combination of qualitative assessments, customer surveys and more formal evaluations to estimate the effects of programs. There is a strong sense of fairness in protecting managers from being blamed for outcomes heavily influenced by economic conditions and other phenomena beyond their ability to alter.

Mixed-Method Assessment

In Australia and Canada, both *performance measurement* and *program evaluation* are viewed as integral parts of management, a perspective we still struggle to create in the U.S. In Australia, departments are required to evaluate the *effectiveness* of each of their programs every three to five years. In Canada also, departments are expected to be capable of evaluating programs for their effectiveness. Both "ongoing effectiveness measurement" for monitoring purposes and "periodic studies of program effectiveness" are central to the new reforms. Monitoring involves collecting and reporting information on a set of outcomes; evaluation involves a more in-depth review of the fit between program objectives and outcomes. The use of comparison or control groups is recommended, but program evaluations more often rely on surveys of program recipients, particularly regarding customer satisfaction.

Feedback from Internal Reviews and Levels of Management

The GAO researchers' review of government evaluations and their interviews with officials suggested the following:

- Performance measures need to flow directly from a program's objectives, irrespective of whether they represent short-term or longer-term effects.
- Performance measurement systems should involve a small set of *key* measures — i.e. those considered critical to performance.
- Measures should represent outcomes that realistically can be achieved by a program's management.
- Program staff should play a role in identifying measures.
- The range of performance measures should assure balance, to preclude an overreliance on any one measure.
- Performance systems should include both qualitative and quantitative information, on both process and outcomes.
- Performance results should be explained, to the extent possible, not simply reported.
- Performance systems should provide more detailed information on the achievement of measurable objectives regarding factors considered outside the control of program management as well as influences viewed as being under management control.
- Performance information should be made available to the public and to all levels of the managerial hierarchy.

Performance Measurement Activities

The United Kingdom and Canada measure the quality of services and report results to the public on a regular basis. All four countries utilize *performance agreements* between different governmental levels which incorporate *performance targets*. And all four require departments to make *performance reports* available to their central governments and the public. The GAO found, however, that the use of these reports by central governments has been minimal, and that efforts are underway to increase utilization.

In these countries, managers were being given much more freedom to make their own spending decisions and develop their own incentive systems for rewarding high performance. More of this kind of flexibility was, in turn, being provided to lower levels of management. Private sector "market" concepts and strategies were being introduced to create a more competitive interdepartmental, cross-program culture, reinforced by financial and other incentives. It is the GAO's conclusion that the application of these market-oriented ideas has, in fact, made government activity more efficient and effective. But formal evaluations indicate that there are risks involved in increasing managerial autonomy, such as a loss of control by central governments, and it is clear that top management has in some cases only halfheartedly cooperated with the reforms.

Supports for Performance Systems

Meanwhile, long-term investments in *information systems* and training have supported reform. In all four countries there has been a recognition that higher-level management needs to assist lower-level managers in understanding the value of the reforms and in implementing them — in particular *strategic and operational planning, performance measurement* and *budget flexibility*.

Performance Reporting and Utilization

The United Kingdom and Canada routinely develop and publish performance targets and standards for departments and agencies directly serving the public, and report achievements to the public. The United Kingdom's *Citizen Charter* and Canada's *Service Standards Reforms* require agencies to publish service standards, measure performance against these standards, and request feedback from the public. Australia and New Zealand place less emphasis on providing customers with program information and encourage less customer feedback, but they include many service quality measures in their performance systems. These systems also involve recommendations for *resolving performance problems*.

The use made of performance reports has been uneven, however. The Canadian Parliament found in 1992 that department performance reports did not provide the kinds of information most needed by decisionmakers, did not link outcomes with costs, and did not summarize and interpret performance clearly. The lack of staff, time and expertise often eroded the utility of performance information to potential users.

Some Comments

This GAO study reinforces the conclusions of other expert reviews of the performance measurement movement in the industrialized countries, namely that there are positive benefits in increasing government attention to the short-term and longer-term outcomes and effects of departmental, agency and program activity. However, there is little information yet about the effects of increasing managerial flexibility and incorporating other kinds of incentives for changing the managerial culture. And the issues of what form performance information should take for dissemination purposes, to whom it should be distributed, how full utilization of this information can be assured, remain thorny. Clearly utilization is a major issue, since none of these reform efforts will bear fruit without it.

Editor's Note

Additional GAO reports on performance management issues are:

Program Performance Measures: Federal Agency Collection and Use of Performance Data, May 1992.

Performance Budgeting: State Experiences and Implications for the Federal Government. February 1993.

Improving Government: Measuring Performance and Acting on Proposals for Change, June 1994.

Managing for Results: State Experiences Provide Insights for Federal Management Reforms. December, 1994.

Government Reform: Goal-Setting and Performance. March 1995.

Performance Auditing and Evaluation Research

Evaluation researchers are beginning to feel the invasion of performance auditors into professional territories they assumed were off limits to anyone without research training. Not many researchers were aware of the 1990 report, *Service Efforts and Accomplishments Reporting: Its Time Has Come*, produced by the Government Accounting Standards Board (GASB). The Board is a major player in developing guidelines and setting standards for the auditing and accounting profession.

This report encouraged auditors to move into the measurement of outcomes at the public agency level, regarding the organization as a whole and/or its programs. What the GASB report was all about was *performance auditing*, an entirely new specialization within the fiscal auditing world. This auditing function clearly overlaps with evaluation research in a period in which performance measurement is being launched enthusiastically.

Driven by new economic scarcities that were focusing attention on government size, waste, abuse and inefficiency, the performance measurement movement had begun in the late 1970s as the stress on greater public accountability came into its own. This movement was energized by stricter accountability-oriented legislation at the federal and state levels, and the other fiscal containment efforts in the 1980s. There was a public groundswell for wanting more detailed and sophisticated information on the *results* flowing from the expenditure of tax dollars.

Performance auditing essentially involves the conducting of *descriptive gross outcome evaluations* by auditors untrained in social research principles and methods. A performance audit accepts limited, general managerial explanations of why and how the gross outcomes observed are occurring, but the clear emphasis is on a small group of outcomes without attention to the relationship between interventions and outcomes, or without much concern about which outcomes can be attributed *exclusively* to a government agency or program rather than to other influences and forces. The outcomes selected are not necessarily those selected by an agency or program manager or an evaluator, since they emerge from a fiscal auditing, not a program-knowledgeable environment.

Most problematic is the tying of performance audits to budgeting decisions. This has opened a new Pandora's Box, where fatal social remedies and organizational efforts can easily result in more rather than less funding based on misleading information or misinterpretations of the data available.

The GASB report suggests an ideal-type *chronology of steps* which not only equate auditors with evaluators but reduce both professionals to simple outcome measurement:

- Policymakers authorize or re-authorize programs and provide funding.
- Management collaborates with policymakers, customers, employees and taxpayers to develop expected outcomes and measures of outcomes.
- Independent auditor performs financial/legal compliance audits.
- Internal/external auditors perform program evaluations and verify reporting of *service efforts and accomplishments* information.
- Policymakers identify, improve or discontinue programs that have outlived their usefulness, cease to make policy sense, can be run more efficiently, or have a lower priority than others.

The growth of the performance measurement movement in the 1980s and 199Os has strengthened the welding of the results of outcome studies of all kinds with major budgeting processes and decisions. In this process the role of the auditing community has grown stronger. And in a period of vastly reduced government resources, budget deficit concerns, and anti-big-government sentiment, it looks far less expensive and more efficient to conduct *quick-turnaround performance audits* than longer descriptive outcome studies by researchers and full blown net impact studies. But the risks of producing a narrow, biased information base, and overrelying on its use in allocating resources are increasingly more serious.

Editor's Note

For a more detailed look at distinctions between performance auditing and evaluation research, please see:

Chelimsky, E. "Comparing and Contrasting Auditing and Evaluation," in *Evaluation Review* 9, 1985.

More Insights About Performance Auditing and Evaluation Research

Another perspective on the relationship between evaluation research and auditing is provided by an interesting interview in the October 1995 issue of *Evaluation*. A new international evaluation journal published by Sage and edited by Elliot Stern of the Tavistock Institute in London, its emphasis on "theory, research and practice" has successfully reduced the isolation of American evaluators from applied researchers in other countries, broadening their professional approaches and expanding their research repertoires.

This issue of *Evaluation Forum* reports on an interview conducted by Stern, an evaluation researcher, with Alan Pratley, Financial Controller of the European Commission (EC) and Acting Director General of its Financial Control Directorate. The interview is a case study of how auditors and evaluators see the world differently, talk past one another, hold to their territorial views, and are sliding into competition with one another in a period in which "accountability" is an all-important priority of governments.

In his introduction to the interview, Stern points to the growing emphasis on both public sector evaluation and auditing in all the European Union countries. His comment is that government auditing "has been at the cutting edge of many contemporary regulatory and public management initiatives." He claims that as early as the mid-198Os, the evaluation research and auditing professions were borrowing concepts from each other, which has contributed to the management concepts being formulated under increasing public pressure to reform public management internationally. By the 1990s, Stern says, the U.S. government and many other central governments were pushing hard for the institutionalization of performance management and evaluation, stronger linkage between evaluation and auditing activities, and the integration of evaluation results with budgeting decisions.

In a frank and accurate assessment, Stern also notes the tendency for government bureaucracies, in the midst of the new accountability movement, to focus only on certain categories of evaluative and financial information. Such data are being viewed as the most relevant information for measuring the benefits of policies and programs to customers, stakeholders and society, when in fact this information and the methods for collecting it are not always consistent with the scientific and professional standards of evaluation researchers. On the other hand, Stern sees the nearly worldwide performance management/budgeting drive as opening up new opportunities for evaluators, despite its sizable challenges.

Increasing Financial Control

Pratley describes the considerable responsibilities of the European Commission's Financial Controller in terms of a 150-person staff processing 360,000 transactions per year. This staff has the right and duty to monitor how all European Commission funds are spent, one of the largest subfunds being the Structural Funds for national, regional and local human service, community and economic development projects in the EC's member countries. However, only since 1990 has the Financial Controller been assigned the task of carrying out an ongoing, regularized program of internal audits.

With respect to the Structural Funds, member states are required to develop adequate management and control systems. The EC audit division has the right to access information for EC auditing purposes, and the ability to require that member states perform their own audits if problems are identified. The work of the EC audit office is overseen externally by the European Court of Auditors, which is in turn monitored by the European Parliament.

Pratley refers to the new amendment to the Financial Regulations (introduced in 1991) as a significant change in EC attitudes toward the auditing function. This amendment required the development of "quantified objectives" and the monitoring of the extent to which they were achieved in terms of *efficiency* and *cost-effectiveness*. Prior to this legislative revision, the Financial Controller had concentrated on inputs and processes rather than outcomes and impacts. This reflected the pre-1990s experience of auditors internationally.

Financial Assessment Methods

In Stern's interview, Pratley is asked to explain the assessment strategies now used to audit progress against quantitative measures of performance. Regarding the Structural Funds, which cover, among other things, innovative training programs, infrastructure development projects and rural improvement projects, Pratley sees outcomes as being fairly easily measured. But Stern presses him further, based on his own experience in evaluating Structural Funds programs. He suggests that there is a tendency to develop performance measures only for the easy-to-quantify outcomes, while the more important outcomes expected of social initiatives are often intangible, such as increased innovativeness, coordination, and competitiveness.

Pratley's response is sensitive to this problem. However, he sees great benefit in requiring projects to describe more precisely what population is involved, what areas are covered, and what their activities and outcomes are — and demanding that these projects incorporate monitoring and *evaluation* strategies within initial and ongoing project planning.

Stern also asks about potential collusion between the interests of the leadership of the EC and the internal auditing division, related to the need to avoid negative audit results in the context of scarce funding to continue the Structural Funds and other projects. Pratley views more rigorous evaluations as the purview of external experts. He is not concerned that program managers may mask their true level of achievement in an effort to preserve problematic programs. The EC financial audit division counters this possibility, he says, by emphasizing with managers that problems encountered in programs are not necessarily due to poor management. This attitude, he feels, reduces managerial anxiety and assures accurate reporting.

Also Pratley feels that the kind of monitoring currently carried out by the EC focuses appropriately on an adherence to the general framework and principles developed by the auditing division rather than on specific guidelines — particularly the general commitment to cost-effectiveness and ongoing monitoring and evaluation. This general emphasis, he says, gives managers sufficient leeway to produce trustworthy, useful information.

Stern deftly moves Pratley toward the Controller's current definition of "evaluation," by asking for a response to what Stern has absorbed in his own work:

> So far you have identified evaluation with financial control and its concern with sound management, the efficient use of resources, and achieving results. What is specific about evaluation?

Pratley distinguishes between the new EC model and the traditional French system in which obedience to rules is the main priority in financial auditing. Now the emphasis is on providing evidence that you are doing what you proposed to do for the lowest possible cost, or that you are applying cost-effectiveness principles to what you are doing and you have quantified your objectives and tracked results against them. This, Pratley claims, is the meaning of "evaluation" within an auditing framework: making a judgment about goal achievement. To institutionalize this concept of evaluation, Financial Control is developing "the performance audit."

The Isolation of Evaluation Research from Performance Auditing

As an evaluator, Stern cannot leave the discussion at the point Pratley wishes to end it. He comments that evaluation researchers are as interested as new-age auditors in studying results. But they are also concerned, he says, about studying *implementation processes* that help *explain* results.

> Objectives are not simply the benchmark against which results are judged — how they evolve and change is also a focus of attention.

Pratley sees this broader and more holistic interest of evaluation researchers satisfied by ongoing, if quite general, feedback from managers about conflicting objectives and implementation problems, rather than from formal efforts by internal auditors or outside experts to determine why and how programs go astray or succeed. The Monitoring Committees created in member states to oversee Structural Funds programs, for example, would be more appropriate bodies, he says, for identifying process (implementation) issues and difficulties. [Please see the article in the Evaluation Issues and Activities section of this issue on the European Commission guide for Monitoring Committees]. The EC policy directorates, other than the auditing division, he believes, should be the sector collecting this kind of information from managers, encouraging them to adjust their implementation approaches based on such information. That does not mean, Pratley recognizes, that Financial Control should ignore implementation issues in conducting performance audits.

Stern continues this line of thought, however, asking why the goal of financial auditing should not be to determine the critical relationship between what the results are and what appears to explain them, particularly in large-scale programs where one needs to know whether results represent a policy or a program failure. But Pratley clearly leaves this kind of evaluation to other divisions within EC or to external evaluators.

Stakeholder-Oriented Auditing and Evaluation

Stern poses another interesting question, namely how the new EC financial management framework will accommodate the emerging emphasis on *stakeholder-oriented evaluative* approaches — where those with a clear and significant investment in a program are brought into evaluation planning, implementation and utilization. Pratley's response is an intriguing non-answer. Substantial concern across member countries of the European Union about past misuse and potential abuse of EC funds has led the EC to concentrate more strenuously on the way funds are used, according to Pratley, and particularly how cost effectively they are used. Focusing attention on fraud and abuse serves to send a message to stakeholders that the EC is serious about an issue of interest to them. Pratley answers Stern's question about stakeholder involvement in the evaluative process by indicating that this issue is satisfied by the narrow response to stakeholder worries about abuse.

Later in the interview it becomes clear that Pratley finds it important to distinguish between the formal role of *evaluation research units* within the policy directorates of the EC, and the financial control division. The former, he assumes, should conduct process, outcome and impact evaluations when needed to judge more comprehensive longer-term efficiency and effectiveness. Consequently these units could address a broader range of interventions, implementation structures/functions, and results. Performance audits were not to go beyond a general judgment of efficiency and cost-effectiveness à la money management practices, utilizing a set of bureaucratically-identified (rather than stakeholder-responsive) outcomes.

Stern ultimately asks the most penetrating question for evaluators: to what extent are the worlds of evaluation researchers and performance auditors competitive, and even in potential conflict? In so asking, Stern acknowledges that the two professional territories are conceivably at war in some European Union countries. Again, the Financial Controller sidesteps this issue by claiming that an active intolerance is required toward managers in the EC directorates and member countries who wish to place their own organizational agendas ahead of obedience to the new performance audit framework. This says a great deal about how willing the financial wing of the EC is to work with managers, internal evaluation units, and external evaluators in a collaborative, stakeholder-sensitive way.

However, Pratley does indicate that Financial Control and the Directorate General of the Budget have jointly sponsored a study of communities using a team of nine experts in different fields — a more collaborative model — which will provide information to all sectors of the EC. He also wants a contact for his division developed within each internal evaluation unit or a liaison in directorates that do not yet have such units.

Some Thoughts About the Interview

In summary, what Stern evokes in this interview between professionals with substantially different training and experience is an interplay that reveals the perennial differences in conceptualization, interpretation, professional principles and methods, and scope of issues between those trained in social science research and those trained in accounting and financial management. Meanwhile, two new directions are evident in the European Union, as in the U.S. and other countries: 1) the movement of auditors into performance measurement and interpretation, earlier the exclusive domain of evaluation researchers, and 2) the close linking of performance auditing with budget decisions which have far reaching effects on policies and the program strategies designed to carry them out.

Comments on the Performance Measurement Movement in Australia

Sue Funnell gives us another international perspective on performance measurement in her paper about the Australian approach to performance issues prepared for the International Panel on Performance Measurement in Vancouver, Canada in November, 1995. Funnell is a researcher with the firm *Performance Improvement Limited* in Huntleys Point, Australia. Her presentation drew not only interested evaluators in the European Union, North America and Asia but also some inspector generals. The question period did not avoid debate about the appropriateness of auditors moving into the assessment of performance, but there was comfortable agreement that the pressure to measure performance was driven by economic forces impinging on the governments represented.

In most of the postindustrial countries, international economic competition and associated fiscal pressures have led to an increased emphasis on *management, benchmarking, quality assurance, outcome measurement* and *continuous improvement processes*. There has been a convergence across these nations even in the language used to describe these functions, tasks and processes. As with all these countries, the decentralization of money flow and programs has placed greater emphasis on accountability at lower levels of government.

Consequently the need for these levels to feed back information to central governments for resource allocation purposes has grown. Understandably, central governments have increased their demand for program outcome information as they cope with a loss of control over program design and implementation. In the new social policy climate, countries have sought to balance concern about the value of social programs to their recipients with increased cost efficiency as organizations. *This has led to linking performance measurement to budgeting.*

Australia is a useful case example. Funnell reports that performance measurement has taken several forms in Australia, remarkably similar to trends in the U.S. and the European Union:

Benchmarking, focusing on outcomes or best practices. The main issues have been the comparability of the data used to develop benchmarks, the potential for the misuse of data, and the controversy over whether benchmarking should focus more on end results based on quantitative data than on information about the nature of implementation processes. There is concern that governments will prefer quantitative benchmarking exclusively, which Funnell believes could raise confidentiality issues and be misleading as a criterion for budgeting decisions.

Total Quality Management, focusing on the measurement of the quality of management processes. The key issue, according to Funnell, is whether private sector concepts can be applied appropriately to public sector management, which must deal with more ambiguous definitions of efficiency and effectiveness.

Quality Assurance, focusing on the assessment of the quality of organizational processes and procedures, often using a set of quality standards. Important issues are whether the use of standards is appropriate, how relevant these standards are, and whether they actually improve quality. Clearly there are problems with these assessment strategies, mainly in terms of objectivity, coverage of important factors, and research expertise.

The Australian Inspector-General conducts periodic reviews of the quality of performance information. A review in 1993 provided these conclusions about the information base:

- The quality of program management tends not to be related to program outcomes.
- The measurement of management quality is often based on unstated or questionable assumptions about the link between program strategies, resources, outcomes and performance.
- The quality of information about management does not provide a good basis for assessing management or program performance.
- Most information about cause-effect relationships is based on monitoring data rather than on more rigorous evaluations.

Customer Satisfaction, focusing on "customer service guarantees" or the quality of the exchange between service deliverers and service receivers. Funnell emphasizes several issues. One is what qualities of the above exchange are best to measure. Some facets of this relationship may not be directly related to the outcomes of service delivery. Also, attention to client satisfaction may lead to a neglect of the needs of families, other groups, and the community. Furthermore, some of the measures of customer satisfaction may be so superficial that they lose their utility in getting at more critical customer satisfaction variables.

Continuous Quality Improvement, focusing on information that can improve practice — both processes and their impact. Australia is currently using a hierarchy of six stages of organizational development as a framework for studying continuous improvement in agencies and programs. A concern is that agencies must be motivated to engage in activities consistent with the continuous improvement concept, and this is difficult in the context of repeated budget cuts and the devaluation of the role of government and its accomplishments — a trend occurring in all the postindustrial countries.

Australia not only emphasizes the forms of performance measurement outlined here, but has a formal mandate and timetable:

- Assessments of the *need* for certain programs must be made.
- Annual performance reports are *required* for all programs.
- Evaluations of all programs are to be conducted on a *cycle of 3-10 years,* to determine their *appropriateness, efficiency* and *effectiveness.*
- The central government publishes *a register of completed evaluations* twice a year. For each evaluation, the register summarizes its purpose, methodology, and major findings.

Evaluations are expected to be an ongoing management responsibility, and are an integral part of budgeting and planning. They are management-driven, emphasizing how resources have been used and with what effect. Rather than simply measuring gross outcomes, the focus is on net impact, but adequate methodologies for determining the latter are not being used due to the lack of funds and research expertise.

Funding for evaluation has been subject to the same emphasis on cost efficiency as other government functions, so there are only minimal funds for evaluation and these generally go to internal evaluation units. In most cases, agencies conduct self-evaluations with existing staff, although some evaluation and performance measurement training is provided despite central government ambivalence about the expense. Selected agencies are able to use third-party independent evaluators.

A more general issue identified in the Funnell paper is the fact that formal support for more expert program evaluations is decreasing at the central government level in Australia, which parallels the trend elsewhere. The fear is that the critical *linkages* between inputs, processes, outputs and impacts will be neglected. Consequently the outcomes being measured may be assumed to tell the government what the exclusive results of a given program's interventions are, when the information simply does not support such conclusions.

Excessive emphasis on measurable outputs with minimal attention to net impacts is an obvious danger cited by Funnell. Also there are gaping holes, she says, in the information collected by agencies regarding the size and characteristics of target groups, the nature of target group needs, and the extent and features of service delivery. To address these concerns, a number of government-sponsored performance measurement activities are underway, particularly the collection of performance indicators in nine areas to compare their ability to measure efficiency and effectiveness — police, courts, corrections, schools, vocational education, hospitals, aged/disabled services, family/child welfare, and public housing. And measurable performance standards are being established which reflect the *level* and *quality* of services.

Comments on the Performance Measurement Movement in the Netherlands

The interest in performance measurement is now an international obsession, fueled by common economic problems throughout a global market. It is also a correlate of decentralization and privatization, which have transferred accountability to lower levels of government and private sector service deliverers. The Netherlands is a case in point.

In this brief article we review a conference paper by Frans L. Leeuw prepared for the *Panel on International Trends in Performance Measurement* at the International Evaluation Conference in Vancouver, Canada in November 1995. Leeuw is professor of sociology at the University of Utrecht and serves on the Netherlands Court of Audit in the Hague.

Accountability Strategies

The central government of the Netherlands is guided fiscally by a *Budget and Accounting Act* which requires government ministers to carry out several kinds of periodic assessments: *financial management audits, performance measurements, and policy and program evaluations.* The Netherlands Court of Audit is an independent body that performs assessments for the central government. Unlike the United Kingdom, there are no comparable local government offices.

Leeuw's analysis focuses singularly on central government *performance measurement* and *evaluation* regarding the use of the following array of interventions (see Figure 1). Leeuw's thesis is that *information on the efficiency and effectiveness of these policy tools is minimal.*

In 1992, the central government decided to require more information on *outputs* and *effects*, but a subsequent survey indicated that only fifty percent of budget expenditures could be explained based on outcome data. Consequently the Ministry of Finance required that annual budgets provide evidence of the contribution outcome data on programs had made to an understanding of particular budget items. Despite this more specific directive, Leeuw's conclusion from analyzing central budget information is that government agencies were continuing to resist the use of performance measures in interpreting expenses. In addition, the central government had been slow to institutionalize policy and program evaluations, even though academics have urged that it do so for two decades.

The "Performance Paradox" and Its Unintended Consequences

Leeuw sees the "proliferation and noncorrelation" of performance measures as a new paradox to be addressed. He points out that performance measures tend to be only weakly correlated. He also feels there are too many of them. Beyond that, he claims the increasing use of performance measures to monitor programs is leading to the growth of "second order performance assessment" by external auditors and financial analysts rather than analyses by evaluation researchers. And he suggests that performance measurement can have other negative effects:

- It can inhibit innovation and lead to organizational paralysis.
- It can lead to an excessive reliance on performance standards.
- It can focus attention too exclusively on the quantifiable aspects of performance.

Figure 1 ■ Leeuw's List of Policy Interventions

Subsidies
Quangos
Public information campaigns
Government-sponsored enterprises
Contracts
Permits
Inspectorates
Legislation
Loans and guarantees
Levies
Fees and charges

Response from Attenders at the Performance Measurement Panel

The international conference was jointly sponsored by a number of European and Asian evaluation research associations, yet a large contingent of auditors attended. This was clearly related to the movement of auditors into the performance audit field, which is gaining credibility world-wide and beginning to crowd evaluation research as the strategy of choice in determining government and program performance.

The response to Leeuw's concerns about the downside of performance measurement were well received. The central tendency in the audience was to worry about the rush to quick judgments of government operations and programs via a narrow set of perfomance measures and standards, without sufficient attention to broader theoretical measurement and methodological issues in determining efficiency and effectiveness. The auditors present were not so much concerned about these issues, but rather about the need for additional staff trained in performance auditing and more funding to add such staff. But the strong trend toward studying the results of government activity was everywhere evident.

Editor's Note

For additional references, please see:

Leeuw, F. L. And P. J. Rozendal. "Policy Evaluation and the Netherlands Government: Scope, Utilization and Organizational Learning," in *Can Governments Learn?* edited by F. L. Leeuw. New Brunswick, United Kingdom: Transaction Publishers, 1994.

Meyer, K. and K. O' Shaugnessy. "Organizational Design and the Performance Paradox" in *Explorations in Economic Sociology* edited by R. Swedberg. New York, NY: Russell Sage Foundation, 1993.

Smith, P. "On the Unintended Consequences of Publishing Performance Data in the Public Sector," in *International Journal of Public Administration* 18, 1995.

Improving Performance Systems in Supporting Program Goals

The first systematic performance measurement system for social programs was the performance standards/incentive system developed for the federal Job Training Partnership Act (JTPA) programs authorized in 1982. Legislating the use of standards and a mechanism for assuring their application was driven in large part by perceived weaknesses in the previous Comprehensive Employment and Training Administration (CETA) program. Because of the decentralized and privatized nature of JTPA, the program involves an application of standards at the federal level for states, at the state level for regional Service Delivery Areas (SDAs), and at the local level for service providers. States are allowed to adjust standards for substate areas based on measures of certain variables felt to be major factors outside the control of State Job Training Coordinating Councils that can influence their performance. Up to 5% of program funds flowing to states are to be used to reward SDAs for complying with or exceeding standards, or to provide underperforming SDAs with technical assistance intended to raise their level of desired outcomes vis-a-vis standards.

A number of studies have examined the effects of using such a system. In a 1985 study for the U.S. Department of Labor, Katharine Dickinson and Richard West found that states emphasizing the goal of exceeding standards spent more funds on each terminee. However, spending per client entering employment was no higher. A 1993 study by a doctoral student at Stanford University, Michael Cragg, found that the areas receiving the greatest rewards were enrolling individuals with more work experience. However, the more experienced individuals had a lower gain in earnings. Additional studies suggested that SDAs were resisting enrolling their quota of welfare clients due to the fear of failing to "perform" adequately.

These and other studies suggested that performance standards might not be enhancing the achievement of the program's intended goals. On the other hand, the use of a less formal performance system in the Massachusetts ET Choice program, and in the GAIN program in Riverside, California — both employment and training programs — indicated that clear-cut performance goals and incentives did improve goal achievement.

The Proposition That Performance Standards Systems "Work"

The potential positive effects of performance standards are the focus of a June, 1995 monograph published by W. E. Upjohn Institute for Employment Research, *Using Performance Indicators to Improve the Effectiveness of Welfare-to-Work Programs*. The author, economist Timothy J. Bartik, details the history summarized at the beginning of this article, placing emphasis on the use of performance management systems for welfare reforms. Although the current national welfare program, JOBS, was to be reinforced by a performance system similar to that used in JTPA, Bartik explains that the federal government postponed recommending performance measures for JOBS until October 1996, and performance standards until October 1998. This is long past the presidential election which will surely direct the form future welfare reform initiatives will take. The manifest reason for the delay, he says, was sensitivity to the possibility that outcome based performance measures and standards have the potential for being *misleading indicators of program goal achievement*.

Bartik refers the reader to the October, 1994 report of the U.S. Department of Health and Human Services which summarizes research by the Manpower Demonstration Research Corporation on state welfare reforms. Differences in average outcomes across these initiatives often showed no correlation with goal achievement. Within states, there was often variation across different counties. Sometimes the correlation between standards and goal achievement was actually negative. And program outcomes within counties were often greater for the less disadvantaged.

Meanwhile, in a 1995 study the U.S. General Accounting Office (GAO) contended that the delay in developing standards for JOBS was damaging this national program. Managers were not focusing enough attention on the employment of clients, a major goal of JOBS. Linkages with employers remained weak. Managerial energy was still narrowly focused on reporting the number and type of clients participating in JOBS activities. Bartik points out that the federal government literally did not know who got jobs or left the welfare system on an annual basis.

Leaning towards the GAO's position, Bartik's thesis is that "it is feasible to develop good indicators of performance for a particular welfare-to-work program, office or contractor." He believes that performance indicators can motivate key actors to be more effective in achieving a program's true goals, and can provide information about "best practices." To accomplish this, he proposes that performance measurement systems must be *simple, timely, and control for factors other than the program that influence whether or not welfare clients achieve the goals intended for the program*.

Key program goals, he proposes, are improved self-esteem, better job skills, employment, earnings gains, and reduced welfare dependence. Simple pre-post outcome evaluations will not surface such improvements, he says. Experimental net impact studies can do so, but they are often costly and time-consuming, and are not likely to be conducted on a regular or widespread basis. Also, the latter raise ethical questions about withholding interventions from eligible clients. The advantage of performance indicators and standards, Bartik says, is that their use does not require such rigorous evaluations. The downside, however, is that they may distort the intended value of a program. But Bartik sees light at the end of that tunnel in the form of "better performance indicators" and "careful use."

Better Indicators and More Appropriate Utilization

Bartik suggests a number of cautions in developing more effective indicators for performance management systems:

- Performance indicators must be linked to information on the strategies of particular program organizations and staffs so that we know why a particular program component is successful. [This sounds like a recommendation to explore all of these aspects of programs: organizational elements, implementation strategies, program interventions and outcomes.]
- Indicators need to be *timely and understandable*.

- It must be *easier to increase performance by achieving a program's intended goals* than by selecting clients who will help managers meet performance standards.
- Program managers must be *motivated to use performance measures* in allocating resources.
- Indicators should be *simpler and less accurate as one gets closer to the individual staff level, and more statistically sophisticated at higher levels* of the welfare system. [The reason Bartik gives is that "it is easier at the staff level to substitute personal interaction and judgment for quantitative performance indicators" and "more difficult to consistently interpret more complex performance indicators".]

What Bartik says is new is a *range of performance indicators*, from quite simple, timely, easily quantifiable measures that are admittedly "rough proxies" for program goals, to "more sophisticated, accurate and complex approximations" of these goals. States, he says, have developed a variety of performance measures, and many have established incentive/sanction systems to encourage their use.

The emphasis on a range of indicators is reinforced, according to Bartik, by the 1995 GAO study and a report by the American Public Welfare Association. States leading in the performance system movement have used measures of an array of outcomes, including initial, intermediate, short-term (at termination) and longer-term outcomes. They have also negotiated goals with local offices, and adjusted them based on unemployment levels and the composition of caseloads. Within different state orientations, meeting and exceeding standards have various consequences — from no impact on funding or program operation, to more acceptable performance levels, to extremely strong rewards and penalties. In this sense, states clearly have different objectives for their performance management systems. It is therefore difficult to identify any one system as being more useful than another.

The privatization of program operation and service delivery is another significant variant, where private firms are paid based in whole or in part on their performance using a set of criteria. Bartik suggests that privatization combined with large incentives to meet certain performance standards raises important issues *of feasibility, fairness and affordability.*

Guidelines for Developing Performance Indicators

Bartik concludes his monograph with suggested guidelines for developing indicators or measures for performance systems in welfare-to-work programs. They have significant implications for a host of human resource efforts:

1. Agreement is needed on a few easy-to-understand performance measures that are frequently measured and which focus staff on the program's *intended* goals.

For example, the author of the report on the ET Choices program concluded that its apparent success was dependent on having a simple goal consistent with its mission. The same conclusion held for the JOBS program in Maryland, which focused on three simple goals: *the number of participants, the number of participants leaving the program due to increased earnings, and the job retention rate for those who obtained employment.*

Simple systems, Bartik insists, have a more immediate effect in motivating staff than more complex ones. But these simplified systems are not without problems. Simple goals, he says, may contain inconsistencies or actually conflict. This problem is illustrated by the five categories of JOBS goals: job placement, placement quality, reduction of welfare payments or getting off welfare, job and welfare reduction retention, and increased job skills. If all these goals are to be measured, a complex system is inevitable, even though vigorously pursuing only a few goals may lead programs in the wrong direction.

2. A performance indicator system does not need to be totally fair to be a useful motivator.

Since it is impossible, in Bartik's view, to measure perfectly or easily all the major social goals of a program, performance incentives and sanctions may not always reward or punish performers appropriately. The utility of a performance measure, he says, should be defined in terms not only of its accuracy in representing the program's goals but also its ability to resist managerial manipulation associated with meeting performance standards or targets. Standards clearly need to "meet some minimum fairness criterion". The perceived fairness of a performance management system may depend on whether the system affords flexibility regarding influences not captured by quantitative adjustments, such as reasons certain areas find it difficult to meet a particular standard. Fairness is also related to the size of rewards and sanctions and how hard standards are to meet.

3. "Creaming" may be necessary and good, if it is the right kind.

Bartik says that making a selection among welfare clients in providing services sometimes supports the purpose of programs. For example, creaming that increases job development may have a positive value, since job development usually requires some level of selectivity. One reason for the success of effective job development, Bartik believes, is that employer information on job applicants and new hires is not very good, leading to costly employee turnover. Consequently, employers often hire the employees, friends or contacts of the employer, making it more difficult for those without a job development advocate to be hired. In addition, new hires obtained in this way are more subject to the prejudice of employers. Screening by programs to identify and market the more productive members of caseloads can lead to better goal achievement.

Bartik's qualification to this conclusion is that strong enforcement of laws against discrimination and careful monitoring of job developers' attitudes and practices are necessary in order to prevent *inappropriate* screening. He agrees with Daniel Friedlander of MDRC that a "triage" approach to selecting program participants may increase goal achievement, where caseloads are classified into subgroups based on the extent of their prior earnings and welfare history. In a 1988 study of employment and training programs for welfare clients, Friedlander found that there were positive earnings impacts for the "mid-dependency tier" but none for subgroups in the "most dependent tier". The least disadvantaged clients tended to increase their earnings without assistance from programs. The message was that the main goal of these programs (earnings gains) would be benefited by targeting welfare recipients with "average difficulty".

The wrong kind of creaming clearly involves targeting clients whose outcomes will best serve the purpose of meeting performance standards but may not represent the achievement of program goals. The targeting of certain clients, Bartik suggests, must therefore be determined externally, rather than by staff whose behavior is judged against performance standards. The main basis for judging compliance with standards must be the entire caseload, Bartik says, or an entire segment of the caseload, as suggested by a 1995 U.S. Health and Human Services report to the Congress.

4. Data on desired program outcomes for welfare clients should be adjusted through regression models so that the adjusted numbers are positively correlated with the true goals of the program.

Daniel Friedlander and Jeffrey Zornitsky, of Abt Associates, examined the extent of the positive correlation between adjusted outcome data and program goals. The study suggested that when individual outcomes are adjusted for the individual's characteristics and the characteristics of the local economy, they are often significantly correlated with the goals of the program for that individual. This kind of adjustment is an incentive to avoid creaming. It also increases the perceived fairness of the performance system. And it is critical to replicating the program.

Friedlander found that even very primitive adjustments to outcome data can yield significant positive correlations. Zornitsky found these kinds of adjustments for individuals to be significantly positively correlated with estimated earnings gains. Entered employment rate, placement wage, employment status and average weekly earnings at three and six months, and estimated reductions in average welfare payments were also correlated.

5. Performance measures and standards need to be as directly related to program goals as possible.

In the Friedlander and Zornitsky studies, performance measures used to represent increased earnings and employment were more strongly correlated with programs' earnings goals than were welfare-reduction measures. Welfare reduction performance measures were more strongly correlated with the effect of welfare reductions on programs than were earnings and employment performance measures. Bartik's conclusion is that performance measures for earnings goals are probably easier to develop than those for welfare reduction. And more adjustments to the indicator of welfare reduction are needed. A program can look successful simply because many recipients who have increased their earnings are still dependent on the welfare system.

6. It is more important to adjust for client characteristics than to extend the length of the measurement period.

Extending measurement points beyond the thirteen-week follow-up period helps, Bartik suggests, but it does not seem to make the correlations between performance indicators and the true achievement of program goals any stronger. Bartik recommends that in adjusting performance indicators for the unique characteristics of each welfare office, researchers should consider these factors: 1) the prior earnings history, prior welfare history, race, marital status and gender of household head, education and age of the client, and 2) measures that reflect both wages and job availability.

7. Using performance systems to improve the achievement of program goals.

A major objective of performance systems is the development of indicators that can be used in the short-run as indicators of long-term success, using the short run measures for program *management* purposes. Using long-term measures as a basis for incentives and sanctions would be ineffective for managers because of the delay in determining compliance.

Also, the use of such measures, such as more education, placement in better jobs, or targeting chronic welfare recipients is not always supported by the data. Some programs emphasizing educational interventions, for example, are successful and some not. The Minority Female Single Parent program in San Jose, and the New Chance program, are examples of programs emphasizing education and skill development that have been judged less than successful.

It is difficult, Bartik says, to determine from the data whether individuals placed in better jobs do better later because of the placement, or whether individuals with better skills get better jobs now *and* later. In the Friedlander study of the Baltimore program there was no evidence to indicate that welfare recipients obtained higher paying jobs than in other programs, even though the programs had greater long-run success than other reforms. Bartik concludes that we do not yet know, and must do more research to determine, how to reliably increase the long-run earnings of individuals who would otherwise have been long-term welfare recipients.

Performance Measurement Models

Bartik's concluding section suggests a number of performance models: 1) for state monitoring of local office performance, 2) for state analysis of those program approaches that appear to have the greatest long-term effectiveness, and 3) for local office monitoring of staff and contractors. This monitoring hierarchy involves all levels of a decentralized social program environment within a single but flexible performance measurement system. Clearly it requires a substantial change in the managerial culture of social programs.

Editor's Note

Some of the studies referred to in the Bartik monograph are these:

American Public Welfare Association *JOBS: Measuring Client Success*. Washington, D.C.: Institute for Family Self-Sufficiency, 1994.

Anderson, K. R. Burkhauser, and J. Raymond. "The Effect of Creaming on Placement Rates Under the Job Training Partnership Act," in *Industrial and Labor Relations Review*, 46, 1993.

Behn, R. *Leadership Counts: Lessons for Public Managers from the Massachusetts Welfare, Training and Employment Program*. Cambridge, MA: Harvard University Press,

Friedlander, D. *Subgroup Impacts and Performance Indicators for Selected Welfare Employment Programs*, New York, NY: MDRC, 1988.

Friedlander, D. and G. Burtless. *Five Years After: The Long-Term Effects of Welfare-to-Work Programs*. New York, NY: Russell Sage Foundation, 1994.

Nightingale, D. et al. *Evaluation of the Massachusetts Employment and Training Program*, Washington, D.C.: The Urban Institute, 1991.

Riccio, J. D. Friedlander and S. Freedman. *GAIN: Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program*. New York, NY: MDRC, 1994.

Zornitsky, J. and M. Rubin. *Establishing a Performance Management System for Targeted Welfare Programs*. Washington, D.C.: National Commission for Employment Policy.

Other W E. Upjohn Institute monographs by Timothy J. Bartik that may be of interest:

The Effects of Metropolitan Job Growth on the Size Distribution of Family Income, 1991.

Federal Policy Towards State and Local Economic Development in the 1990s, 1993.

The Effects of Local Labor Demand on Individual Labor Market Outcomes for Different Demographic Groups and the Poor, 1993.

Economic Development Strategies, 1995.

Can Economic Development Programs Be Evaluated, 1995 (With R. Bingham)

The Potential Effects of Performance Standards Systems

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In this article we review an early draft of a significant book to be published soon by the W. E. Upjohn Institute for Employment Research, *Performance Standards in a Government Bureaucracy*, edited by James J. Heckman. A well known labor economist at the University of Chicago, Heckman has contributed important information in the draft manuscript to those who have watched fascinated as the performance measurement movement has unfolded, curious and anxious about its longer-term implications.

Heckman is Director of the Center for the Evaluation of Social Programs in the Irving B. Harris School at the University, and is Henry Schultz Distinguished Service Professor in the University of Chicago's Department of Economics. The manuscript has the strong imprint of Heckman's thinking and recent research by way of several chapters co-authored with colleagues at the Center, and through the general framework he developed for integrating the manuscript.

The editor of *Evaluation Forum* and the guest reviewer, Ernst Stromsdorfer, would like to express our appreciation to Allan Hunt, W. E. Upjohn Institute, for permitting us to write a review article based on a draft copy of the manuscript. We also thank the authors of various chapters for their useful review of our article and their suggestions for improving it.

Why We Need to Know the Effects of Using Performance Standards

The performance measurement movement has taken hold in all the postindustrial nations in the 1990s. There is a direct relationship between the growth of central governments over the past few decades, increasingly worrisome central government deficits, the decentralization of social initiatives, and the need for central governments to compensate for the loss of control over social programs receiving central government money by focusing accountability efforts on their *results* — i.e., their *performance*. Performance standards have become a major tool in this new effort to be accountable in the midst of substantial government restructuring and downsizing.

Little conclusive research has been conducted on the effect of performance standards on decisionmaking. This is partly due to the current political and bureaucratic popularity of the strategy. However, it is important that we give performance measurement attention prior to applying performance standards to increasing numbers of national programs. The most critical reason the performance-oriented movement should be studied for its impact is the need to understand whether, to what extent, and in what ways performance standards, reinforced by financial rewards and corrective sanctions, may *redirect* the attitudes, decisions and actions of those setting program policy and managing programs *away from a program's intended goals, objectives, implementation strategy, and desired outcomes*. We need to determine the value or detriment in any redirection that is occurring.

There have been persistent worries about performance-driven program designs in terms of their potential for distorting or reformulating policies and procedures for selecting program participants — that is, redirecting the selection process away from the program's selection objectives. In employment and training programs, the temptation to "cream" the eligible population of clients for the higher-skilled individuals, whose performance is most likely to assist managers in meeting performance standards, has been a major concern of policymakers and evaluators.

For example, a 1991 U.S. General Accounting Office report claimed that performance standards had resulted in serious inequities, reducing the access of women and minorities to the program, to training within the program, and to the more productive training alternatives. The researchers found evidence that only the "most employable" disadvantaged workers were being served. They attributed this result to the strong influence of incentive payments and the prestige accorded "high performance."

However, Heckman cites other possible sources of program bias, such as *management decisions* favoring certain client characteristics that are unrelated to a person's suitability for training or a concern over equity issues, and the *personal choices* of eligible clients themselves. Anticipating that these criteria may be quite important, Heckman proposes that *formal eligibility* and *managerial acceptability* should be treated as distinctly different participant selection criteria, whose effects need to be carefully identified and analyzed.

Assumptions Underlying Performance Measurement Systems

Heckman's explanation for the growing interest in performance measurement is the belief that government is neither sufficiently efficient nor appropriately sensitive to its customers' needs and concerns, resulting in pressure for greater privatization and government reform. The premise rationalizing privatization, he says, is that market competition tends to lower costs and increase sensitivity to customers. Consequently, the argument goes, the segment of government that remains unprivatized needs to borrow heavily from market concepts, such as *market-oriented incentives* that can push government towards greater efficiency and responsiveness.

Heckman views a system of performance standards, and a financial reward system supporting the achievement of these standards, as the most important aspects of this transplantation of private sector ideas into government activity. The goal of this version of government reform is to simulate private sector incentives and competitiveness in a non-market environment, energizing government to be more cost-effective and satisfying to its customers.

The Test Case

Heckman and his colleagues focus their analyses on the behavioral implications of performance standard systems for the JTPA program, a reworked and expanded model of which has been proposed by the Clinton Administration. It is an appropriate model beyond its political saliency. The program's *legislative design* incorporates performance standards and incentives for meeting them — JTPA is the first national program to make these elements a *requirement*.

In addition to using a major ongoing national program as the book's case study, the team of analysts benefited from the extensive data available on JTPA through the experimental *National JTPA Study* completed in 1995. These data included information for each of sixteen study sites concerning 1) the structure of incentives, 2) changes in these incentives over the period of the study, and 3) the nature of the decision-making process and its outcomes.

The series of re-examinations of the experimental data which are discussed in the book represent a test of an important cause-effect relationship: *do performance standards and incentive systems change a program's intended design — its intended participants, interventions, implementation strategy, and outcomes?*

The major research question for Heckman and his research group, across the series of studies, was how market-simulating systems affect the behavior of bureaucratic administrations and managers. More specifically, the search for answers to the following questions guided the analyses:

- How do performance standards operate to exclude or include persons with different characteristics?
- Do performance standards affect the type of services offered?
- Do the outcome measures used in developing the performance standards predict the long-term gains in participants' earnings that are the primary goal of JTPA?
- How successful are performance standards in achieving their own stated goals?
- What general lessons can be learned from a study of the effects of variation in the rules governing JTPA employment and training centers?

These questions did not emerge in a vacuum, even though the literature on the impact of performance standards has been meager. In addition to the GAO study, the 1988 SRI International study of the effects of performance standards on participants' choice to enter the program, their choice of training options, and the cost of training suggested that an emphasis on performance standards decreased services to the "hard-to-serve." A study of Tennessee's JTPA client population in 1993 revealed a disproportionate number of individuals in the participant population who had a high probability for successful job placement, one of JTPA's key performance standards.

However, these studies did not benefit from detailed longitudinal micro-level information on stages in the selection and participation process. This information greatly assisted Heckman and his fellow evaluators in isolating the role played by bureaucratic decisionmaking. Furthermore, the experimental study contained information on over 20,000 individuals, permitting an analysis of the effects of events in the recent *employment history* of these individuals on their probability of being selected into JTPA. The National JTPA Study also provided data on the *JTPA-eligible non-participants* in the geographical areas of the sixteen sites, and afforded rich data about variations in the applications of performance standards in these sites.

Major Themes

Heckman's chapter, "Lessons from the JTPA Incentive System," which ends the manuscript, summarized the major insights emerging from the series of studies. These are the significant "lessons" Heckman distilled from the analyses:

Performance standards exerted a powerful influence on management and staff behavior. Although JTPA financial incentives are comparatively low and their benefits general, they have a strong influence. This is due to their value in increasing the professional stature and prestige of bureaucrats, and the leverage that awarded dollars create with the human services community in which administrators and managers wish to be credible players.

Even small rewards are clearly significant. JTPA agencies were making their placement, enrollment and termination decisions consistent with the need to meet performance standards. Management and staff practices demonstrated considerable innovation in manipulating various components and features of the program to boost measured performance. These practices included enrolling persons only *after* they obtained a job, choosing *short-term* training as a way to increase the probability of sufficient placements, holding less employable individuals in job clubs, and terminating those doing poorly in training slots *at a point advantageous to meeting performance standards*. Such practices are clearly rational and efficient in meeting performance standards, but contribute little in raising participants' earnings or increasing service equity.

The short-term performance mea-

sures used in setting standards were weakly (and often negatively) related to longer-term effects on employment and earnings. Heckman sees JTPA's *intended* goals as long-term effects, not the short-term requirements in performance standards. Neither the original set of standards, to be applied at a participant's termination from the program, nor the new set mandated in the JTPA amendments, to be applied 13 weeks following termination, were highly correlated with JTPA's intended impacts. Consequently, the influence performance standards clearly had on managerial behavior did not appear also to promote long-term wage gains or positive employment outcomes for participants.

JTPA performance standards did not result in any significant "creaming." Although previous research suggested the possibility of creaming, for most demographic groups the earnings effects were uniform over a range of skill levels. Only in the lowest skill category was there evidence of smaller impacts. There was a trade-off between serving the most disadvantaged and using resources most efficiently, but only a very modest one given JTPA's modest impacts. Administrators' scope of autonomy and discretion played a role in explaining differences in client participation rates but not the predominant one. Information about the program and its service options, and the personal choices of clients played a more important part in explaining the disparities in participation rates for different groups. The more employable and more easily placed applicants were more likely to be encouraged to enroll, but these were the individuals most likely to be more aware of the program and interested in applying.

The Focus of the Manuscript

The manuscript is organized interestingly, with the clear objective of providing the reader with a detailed understanding of the important steps in the JTPA process from *client application through service delivery to program outcomes.* This progression serves as a framework for reviewing the rigorously conceived and carefully conducted studies of how the JTPA performance standards system is likely to serve as an unmeasured but critical program intervention.

Jeffery Smith, a faculty member at the University of Western Ontario, Canada, and an associate of the Center, studies four of the National JTPA Study sites to 1) document the extent to which diverse demographic groups differed in their proportion in the participant population at various steps in the selection process, 2) determine the demographic characteristics of the eligible JTPA population in the four sites who had heard of the program, were aware they were eligible, who were applicants previously, or who had been participants at some prior time, and 3) provide an empirical basis for designing econometric selection estimators for a subsequent study of the selection process.

Pascal Courty and Gerald Marschke of the University of Chicago Economics Department and the Center, study the organization of the "JTPA bureaucracy," in particular its unique governance structure. They examine how the JTPA incentive contracts associated with performance standards are developed and operate, how the authority for writing and implementing these contracts is distributed across various political bodies, and how JTPA operatives exercise substantial discretion in making JTPA resource allocation decisions.

Heckman and Smith then look at "creaming" in JTPA, studying the relationship between well-specified definitions of "creaming" and JTPA's competing goals. The purpose is to determine the potential importance of creaming. They identify three major concerns: 1) *efficiency* — in that it is believed that the least advantaged eligibles are most likely to benefit from JTPA and creaming may reduce their participation, 2) *equity* — in that the program seeks greater equity in resource distribution, and 3) *fairness* — in that the hard-to-serve may be under-represented in the participant group due to discriminatory practices.

Heckman alone examines the issue of whether short-run performance goals, such as those used in the JTPA performance standards system, predict long-run impacts of the kind desired in the JTPA legislation. If these short-term outcomes are not positively correlated with longer-term goals, the assumption is tenable that these standards have guided bureaucratic behavior away from legislative intent.

Courty and Marschke follow Heckman's analysis with a study of actions by JTPA bureaucrats which may be motivated primarily by performance awards. They focus their attention on the performance measure receiving the greatest emphasis, the *employment rate at termination.*

In all cases, the analysts look for evidence of effects that could be attributed to the JTPA performance/incentives system, separate from those associated with JTPA's formal service interventions.

The JTPA Selection, Assessment and Assignment Process

Smith's work concentrates on the four sites within the sixteen sites studied in the National JTPA Study, where data were collected on JTPA-eligible individuals not participating in the program. These data made it possible to examine more fully the "front-end" of the service delivery system.

Smith compares the eligible population at the four sites with the National Study's experimental groups, the latter consisting of individuals who had completed the application-through-assessment process. Additional information was collected on all program applicants at one of the sites and compared with the experimental group, to establish what kinds of individuals with what sorts of characteristics were most likely to drop out in the application-assessment process.

The main questions of interest in the cross-site comparison were:

- What differences exist in the demographic characteristics of applicants and enrollees?
- What are the differences regarding the probability that enrollees will actually receive training (i.e., with the exception of those randomly selected into the study's control group)?
- What are the differences in the types of services enrollees receive?

The Selection Process

In comparing the experimental sample with a sample of JTPA eligibles in the four sites, Smith found a substantial amount of selection based on demographic characteristics at all stages in the process of application through the receipt of services. Significant demographic differences existed between the eligible population and the group completing this process in terms of awareness of JTPA and the probability of receiving particular kinds of services once in the program. Eligible out-of-school youth were more likely than eligible adults to be conscious of the program and their own eligibility, and to have applied or been participants in the past. These differences may have been related, Smith suggested, to patterns in the cost/benefit trade-off associated with participation, to local decisions, and/or to local economic environments.

Smith's major findings were these:

- Women constituted a sizeable majority (65%) of the eligible population in all four sites, and the proportion was roughly the same across sites.
- There were substantial differences across sites in the racial/ethnic composition of the eligible sample (one was 80% white; another 80% Hispanic Americans).
- Over 10% of the eligible sample at the four sites had previously applied to JTPA and over half of these applicants reported having received JTPA services in the past.
- African Americans were more likely to have applied previously than whites or Hispanic Americans. Out-of-school youth were more likely than adults to have applied previously.
- Eligible African Americans who had applied previously were more likely to report the receipt of JTPA services than were previously-applying whites or Hispanic Americans.
- Barely more than 40% of the eligible sample had heard of JTPA, and of these just under half realized they were eligible. In total, only 18.4% of eligible individuals had heard of the program and understood they were likely eligible.
- African Americans were more likely than whites to have heard of the program; whites more likely than Hispanic Americans. Among out-of-school youths, African Americans were more likely to be familiar with the program than whites or Hispanic Americans.
- The low rate of program awareness among Hispanic Americans was attributed in part to the language barrier.

In comparing the experimental sample with the sample of eligibles, Smith finds a number of demographic differences that may have been related to patterns in the cost/benefit trade-off for participants, to local decisions, and to local economic conditions. An analysis of the one site providing systematic data for applicants during the period of the National Study showed that men, local minority groups, and out-of-school youth were more likely to complete the application and assessment process than either African American or Hispanic American applicants, and that adults were more likely to do so than out-of-school youth.

Assignment to JTPA Treatments

Following assessment, and prior to being randomly assigned to control vs. experimental groups, JTPA participants in the *National JTPA Study* were assigned to one of three major service interventions, presumably based on the assessment information. These interventions were: 1) classroom training in occupational skills (CT-OS), 2) on-the-job training (OJT), and 3) "other services" (mainly job readiness preparation, job search assistance, try-out employment and/or various non-training services). In comparing assignments across the four study sites, the key findings were these:

- Sites differed in the proportion of clients in the experimental sample assigned to each of the three service interventions. Some sites emphasized OJT, for example.
- The four sites had a higher rate of assignment to CT-OS and a lower rate to OJT and "other services" than did the remaining twelve experimental sites in the *National Study*.
- Whites had a higher probability of assignment to OJT than African Americans or Hispanic Americans.
- Out-of-school youth were more likely than adults to be assigned to CT-OS.

The Receipt of Services

Assignments did not always predict the services individuals actually received. In this respect, Smith's analysis is quite enlightening. Only 58% of the individuals completing the application through assessment process at the four study sites actually received one of the three JTPA service interventions. Most of these individuals received only one of the three types of services, whereas in the other twelve experimental sites 64% received one of these service interventions. Over 73% of those assigned to CT-OS in the four study sites actually received classroom training, whereas just over 51% of those assigned to OJT in the other experimental sites received this intervention.

In the four sites, African Americans had a lower probability of receiving any of the three service alternatives. The differential was larger for African American youth assigned to OJT. Both African American and white adults were substantially less likely to receive services than at the other experimental sites. Out-of-school youth in the four sites were more likely to receive services than adults, but less likely to receive them than in the other experimental sites.

Routinely collected JTPA *administrative* data classifies services into classroom training, OJT, job search assistance, basic education, work experience, and non-training services. The management information system reports who received these services. Based on these data, Smith finds that 1) women were more likely than men to receive classroom training and men more likely than women to receive OJT; 2) out-of-school youth were more likely than adults to receive non-training services, with adults more likely than youth to receive job search assistance; 3) the study sites provided less basic education, work experience and non-training services than other experimental sites, and more job search assistance; and 4) Hispanic Americans had very different service receipt patterns than those in the other sites, being more likely in the four study sites to receive non-training services — although this result was skewed by the site with the largest number of Hispanic American participants.

The Incentive System

JTPA is described by Courty and Marschke as embodying "the spirit of the New Federalism in the Reagan era" — that is, it has a highly decentralized program design. The major outcomes are to be *increased employment and earnings*, and a *reduction in welfare dependency*. A distinctive feature of the program is an incentive system that rewards service deliverers that perform well based on a set of "performance standards." JTPA is, in fact, the first large-scale national program in the U.S. that uses financially-based performance measures and standards, a feature later incorporated in the JOBS program for welfare clients and proposed for a number of other national initiatives.

States must set aside 5% of their JTPA appropriation to fund this incentive and sanction system. Congress, the U.S. Department of Labor and the states all play a role in defining performance standards and incentive/sanction policies. This involves determining the quantitative measures that will represent key outcome variables, setting numerical standards, and developing a model for adjusting standards that accounts for influences considered beyond the control of the service providers.

In 1984 the Department of Labor established seven performance measures — for youth, adults and welfare recipients. In 1988 the Department introduced new measures that included "post-program" outcomes, to encourage the provision of more intensive training. In 1992 the cost measures in performance standards were eliminated and measures to encourage providers to serve the "hard to place" were added, based on a U.S. General Accounting Office study suggesting that JTPA managers were discriminating against certain kinds of eligible clients in the selection process.

Currently there are four core performance measures for adults: two post-program employment measures and two average earnings measures; one set for all adults and one set for welfare clients. Some states have added their own measures, such as expenditure measures, "system-building" measures, and measures of employment retention.

A regression model is used to estimate the importance of factors outside the providers' control, such as the demographic and economic characteristics of the providers' geographical area. There are several important aspects to the regression model. It must involve measures of the independent explanatory variables and the dependent variable. It must identify which variables have the most significance and why. Then problems must be anticipated with respect to the assumptions underlying the model or constraining its generality.

Such problems must be given attention. For example, performance standards vary with the enrollment and termination decisions of training providers within a particular geographical region; therefore, these providers can manipulate the standards. Also, the model may not hold training providers harmless for serving individuals with different characteristics, because it is based on provider-level rather than individual-level data. In addition, adjustment factors are calculated using the participant population rather than the eligible population.

These features aside, Courty's and Marschke's analysis indicates that federal guidelines for computing the difference between actual performance and desired performance (as measured by standards) gave states and service providers substantial flexibility in interpreting the guidelines. This flexibility gave them leeway to *manipulate* the performance standards system as well as to meet or exceed the standards. Also, incentive contracts specifying the conditions under which financial awards were to be given varied considerably across states and years, suggesting that states used their discretion in designing these contracts, often rewarding service providers for enrolling certain target groups of eligibles.

The researchers characterize their study as offering "compelling evidence" that JTPA organizations "game" the incentive system. The analysis provided, they say, the first hard data on how difficult it is to measure performance appropriately and how lacking in "robustness" different kinds of incentive systems are in avoiding "gaming" behavior. The study showed that the incentive system *was likely encouraging job training organizations to "waste resources in counterproductive actions in order to maximize their performance scores."* That is, such systems may have been increasing the budgets of these organizations based entirely on those organizations' successful gaming strategies.

Based on this central insight from the study, the authors suggest that the JTPA incentive system is implicated in *allocating resources disproportionately to organizations that may have been inefficient or ineffective vis-a-vis JTPA's longer-term goals.* In this sense, the researchers see the potential for the incentive system to become "a moral hazard," maximizing narrow measures of performance at the expense of job training organizations' intended objectives.

Their conclusions are that 1) JTPA organizations tended to terminate employed enrollees at the end of their training spells while delaying the termination of unemployed enrollees, and 2) these organizations terminated a large fraction of participants at the end of the accounting year. They attribute the latter finding to the annual periodic nature of performance measurement which was accentuated by performance thresholds. They go further, suggesting that *the phenomenon of maximizing the incentive award is true of any explicit incentive system incorporating performance measures that are not well aligned with the intended goals of the organizations involved.*

Using Performance Standards to Motivate Program Organizations

Courty and Marschke test whether JTPA bureaucrats respond to changes in performance incentives. Using descriptions of incentive policies for each of the sixteen National Study sites, administrative data on inputs, outcomes and enrollment/training decisions, and a freshly designed survey of JTPA managers and staff, the researchers study the extent to which the relatively weak financial link between performance and incentive awards was given serious consideration by JTPA managers. The authors give attention to the nonfinancial reasons bureaucrats may view incentive policies useful in managing their programs, such as increased career prestige, higher salaries or promotions, political gain, protection from criticism, and general credibility.

What the researchers find is quite interesting. There was a strong pattern across fourteen of the sixteen National Study sites of *terminating a large proportion of JTPA participants in the last month of the contract year,* which the researchers maintain was consistent with "an award-maximization model of job training center behavior." Based on "participant inventory control strategies," the researchers explain this pattern in terms of the high marginal value in meeting performance standards which was achieved by waiting until the end of the contract year to terminate *unemployed* participants.

The researchers find that the nonemployed were driving the end of the year termination pattern. End-of-year terminees showed significantly lower outcomes on all performance measures for all years, and enrollees terminating at the end of the contract year had longer enrollment spells than enrollees terminating in other months. This is consistent, the researchers conclude, with maximizing the likelihood of an incentive award by sorting individuals into the year in which their marginal value was highest.

Although the authors suggest that further research is needed, they deemed definitive their tests of the validity of their hypothesis that incentives change bureaucratic behavior and lead to a significant change in measured outcomes. They claim that bureaucratic actors do respond to incentives by managing their inventories of trainees in the interest of obtaining an award, and that this behavior in fact does lead to different (reported) program outcomes.

"Cream-Skimming" in JTPA

Analyses conducted on "cream skimming" by Heckman and Smith, using data from the National JTPA Study, reveal a surprising lack of positive correlation between the use of performance standards and the tendency in JTPA service delivery systems to select the more skilled and employable individuals. Making the various definitions of "cream-skimming" clearer, they contend that evidence concerning the relationship between *outcome levels* and *program gains* is required if the efficiency of the cost/benefit tradeoff associated with skimming is to be established. Such evidence is necessary, they say, for judging the efficiency costs involved in concentrating program services on the least disadvantaged.

The evidence produced by the researchers suggests that *there is little efficiency loss for adults and for female youth associated with skimming.* The relationship between income levels and the benefits of program participation is generally weak, except at the low end of the skill distribution. For these groups, targeting services to those at the middle of the skill distribution resulted in minimal loss in efficiency. For male youth, the effect of JTPA was generally negative, but least so for the least disadvantaged.

Predicting Long-Term Effects from Short-Run Performance Measures

In studying the consistency between short-term performance standards and longer-term JTPA goals, Heckman reminds us that *the formal purpose of performance management systems is to increase the extent to which programs meet their intended long-term goals.* In JTPA, the primary long-term goal is an increase in employment and earnings. Direct measures of employment and earnings effects are expensive and difficult to obtain. Consequently the JTPA performance management system uses alternative (proxy) measures consisting of *reported levels of employment and earnings at program termination and shortly following termination.* Heckman points out that if these alternative measures are to be trusted as valid representations of longer-term goals, short-term earnings gains must be shown to have a positive relationship with earnings gains beyond termination and the brief required follow-up period. *Otherwise the performance management system has not achieved its purpose.*

Using data from the National JTPA Study, Heckman finds that the short-run measures for earnings and employment used in the JTPA performance standards system *are only weakly related to long-term measures. In many cases, there was a negative relationship between the short-run proxies and longer-term earnings effects.* More specifically, in measuring earnings and employment impacts over several time intervals, Heckman finds not only that short-run performance measures are only weakly related to long-run gains, but that this relationship *worsened as earnings were measured further and further from program termination.*

Also, performance measures were at greater odds with long-run earnings gains over the thirty months following random assignment, in the National Study sites, than over the first eighteen months. In addition, the relationship between some of the performance measures and the impacts reported in the Study were weakly negative. For adults, the correlation between short and long-run measures were low and often negative. Higher short-run measures of employment for both men and women — were consistently negatively related to estimated impacts for employment over the longer term.

To illustrate the problem involved, Heckman cites the use of test scores in public education to motivate school systems to improve scores. The problem is that test score gains may be due to teachers' having learned to "teach the test" rather than reflecting real gains in long-run student achievement.

Heckman's conclusion from his analyses is that *the JTPA performance management system does not achieve its purpose to increase the earnings and employment of JTPA participants.* He believes this evidence questions the utility of the current JTPA performance management system, with implications for the widespread use of such systems in other national programs, and in states where performance management has been gaining prestige.

In this focal chapter of the manuscript, Heckman describes a general perspective on effective performance standards systems, suggesting three essential features:

- The goals of such a system, and the performance measures used, must be *clearly defined.*
- Program staff must be motivated to attain the short-run performance targets, based on a reward/sanction strategy that is clearly understood and *does not divert staff from the stated longer-term goals of the program.*
- Short-run targets must *predict to desired long-term effects* — otherwise motivating staff to meet them will not increase the program's achievement of critical goals.

Some Comments on the Manuscript

The upcoming book will constitute a landmark contribution to the fledgling knowledge base that informs managers and evaluators about the new subfield of "performance measurement." A major question about the book remains, however: "have the quantitative analyses provided accurate and sufficient evidence that a *causal* relationship exists between the use of performance standards and the program redirections they identify?" The researchers' inferences about cause-effect are based largely on statistical analyses and predictive modeling. These inferences did not benefit from a combination of process and outcome evaluation methods, which could have included in-depth interviews and focus groups with the bureaucrats about whose behavior the authors generalize.

Some experts may feel that the absence of more qualitative information, and its integration with the results of econometric analyses, raise the question of the extent to which the research team controlled for less tangible influences that could explain the documented redirection of JTPA's longer-term legislative goals. It is conceivable that the team has attributed too much importance to the performance standards system due to too-narrow a conceptual view of the phenomenon they sought to understand.

On the other hand, it is important to recognize that objective, systematic data on bureaucratic performance across a number of experimental sites is used in this series of analyses to model actual behavior in response to the performance system. The statistical models and their assumptions are clearly stated. The behavior that is modeled is verifiable — it is not an artistic mosaic. Hypotheses are formulated clearly. They are tested according to standard statistical theory. They can be accepted or rejected with known degrees of probability. Furthermore, the analysts' work can be replicated by others to see if they have told the whole story, or to see if other interpretations of the same data are possible. This is not characteristic of most qualitative studies, as valuable as they too can be.

But the research team does not lack qualitative information on the role of administrative and service delivery decisionmaking, which informs the other findings. One of the most interesting chapters is Carolyn Heinrich's case study of a large metropolitan area in Illinois. The focus is not only on the relationships between performance standards and other aspects of JTPA program administration and service delivery but also on the implications of this relationship for program outcomes and impacts. The supporting data set includes all management information system data for 1984 through 1994, information on contracts between the Service Delivery Area and its service providers through June 1993, detailed information on individual participants, participant-observation data, and interviews with administrators, service delivery managers and program intake staff.

Heinrich was interested in 1) discerning the structure and functions involved in the selection of participants and their assignment to services — particularly how and to what extent performance standards influenced these decisions, and 2) understanding how the SDA contracted with local service providers and evaluated their performance vis-à-vis performance goals. What she found in this intensive study was quite enlightening:

- Performance standards tended to encourage the selection of those participants most likely to have good post-program outcomes even in the absence of services.
- Creaming had negative implications for the achievement of JTPA's equity goals, and the maximization of earnings gains.
- The influence of performance standards was exerted directly through participant selection and service assignment processes involved in termination-based contract provisions between the SDA and its service providers.

Heinrich used a simulation based on actual decision points in the participant selection and assignment process. The model consisted of four parts: 1) the selection of participants from a pool of applicants, 2) the assignment of selected participants to training services, 3) the consideration of alternative performance standard and cost constraints operating to influence the previous decisions, and 4) an analysis of selection decisions by intake staff to explore the influence of applicant characteristics and external factors on these decisions. She then tested several propositions concerning relationships among these variables. In doing so, several key research questions were of interest:

- Is there a particular set of applicant characteristics that influences intake staff decisions?
- Is there general agreement across staff about what characteristics are most important in selecting, and are selection decisions similar across different staff in terms of weighting and judging such characteristics?
- Were intake staff's decisions across the applicant population consistent over time?

Heinrich used logistic regression analysis to answer these questions with both simulated and actual data. In the simulation models, basic skills deficiencies and limited work histories emerged as key selection factors. But an analysis of actual participant selections suggested that staff selection decisions were influenced heavily by staff perceptions of applicants' probability of *placement*, which supported the tendency toward creaming. The kinds of training services and their availability frequently influenced the selection process. Implicit in this influence was the role of funding constraints and performance standards, which tended to direct attention to filling less expensive, shorter-term training slots, a tendency inconsistent with raising measured performance, increasing earnings impacts, and improving the program's cost-effectiveness.

Heinrich's analysis also showed that *years of schooling completed* was positively related to assignment to job search assistance. Given funding cutbacks and the relatively low cost of job search assistance, staff naturally tended to select more individuals with higher education levels, whereas those with basic skills deficiencies were significantly more likely to be assigned to remedial education. As slots for this more expensive training option dwindled, fewer low-skill applicants were selected for program participation.

Overall, the findings supported the existence of direct and indirect creaming. Heinrich concluded that performance standards were effective management tools, but if not carefully aligned with intended program goals could lead to unintended outcomes. She recommended a redesign of the performance standards system, away from one oriented to placements and toward one more dedicated to long-term *employment retention and economic self-sufficiency.*

Editor's Note

The following publications are key resources in understanding the use of performance standards systems in employment and training:

Anderson, K., R. Burkhauser, and J. Raymond, "The Effect of Creaming on Placement Rates Under the Job Training Partnership Act," in *Industrial and Labor Relations Review* 46, 1993.

Baker, G. P. "Incentive Contracts and Performance Measurement," in *Journal of Political Economy*, June 1992.

Barnow, B. "The Effect of Performance Standards on State and Local Programs," in *Evaluating Welfare Training Programs*, edited by C. Manski and I. Garfinkel, Cambridge, MA: Harvard University Press, 1992.

Brown, R., T. Gallagher, and M. Williams. *Auditing Performance in Government*. New York: Wiley, 1982.

Clements, N., J. Heckman, and J. Smith. *Making the Most out of Social Experiments: Reducing the Intrinsic Uncertainty in Evidence from Randomized Trials with an Application to the National JTPA Experiment*. Working Paper. Chicago: University of Chicago, 1995.

Comptroller General of the U.S., U.S. General Accounting Office. *Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*. Washington, D.C.: U. S. Government Printing Office, 1981.

Dickinson, K., et al. *Evaluation of the Effects of JTPA Performance Standards on Clients, Services, and Costs*. Research report. Washington, D.C.: National Commission for Employment Policy, 1988.

Doolittle, F. and L. Traeger. *Implementing the National JTPA Study*. New York: Manpower Demonstration Research Corporation, 1990.

Heckman, J. and J. Hotz. "Choosing Among Alternative Nonexperimental Methods for Estimating the Impact of Social Programs: The Case of Manpower Training," in *Journal of the American Statistical Association* 84, 1989.

Heckman, J. "Randomization and Social Program Evaluation," in *Evaluating Welfare and Training Programs* edited by C. Manski and I. Garfinkel. Cambridge, MA: Harvard University Press, 1993.

Heckman, J., R. Roselius and J. Smith. "U.S. Education and Training Policy: A Re-evaluation of the Underlying Assumptions behind the 'New Consensus'," in *Labor Markets, Employment Policy, and Job Creation* edited by L. Solomon and A. Levenson. Boulder, CO: Westview Press, 1994.

Orr, L., H. Bloom et al. *The National JTPA Study: Impacts, Benefits, and Costs of Title IIA*, Bethesda, MD: Abt Associates, 1994.

Romero, F. and J. Gonzales. *Falling through the Cracks: Hispanic Underrepresentation in the Job Training Partnership Act*. Washington, D.C. National Council of La Raza, 1989.

Schwandt, T. and E. Halpern. *Linking Auditing and Meta-Evaluation*. Newbury Park, CA: Sage, 1988.

U.S. General Accounting Office, *Job Training Partnership Act: Racial and Gender Disparities in Services*. Report to the Committee on Government Operations, House of Representatives, 1991.

Please see also articles on performance issues in Issue #11 of *Evaluation Forum*.

Editorial Commentary

Most of the authors of the articles, papers, monographs and books reviewed in the series on performance measurement systems have made a compelling case for a results-oriented approach for redefining *government accountability* — an approach that reflects earlier public management concepts and borrows from the private sector.

Some of the articles make an equally dramatic case for studying the impact of using performance measures on the achievement of the intended goals of social initiatives. Clearly there is a down side to the use of performance systems, particularly in the absence of evaluation research. The inappropriate manipulation of programs in order to obtain incentives associated with performance standards systems is an example.

Although some concern is being expressed, internationally, about the potential negative effects of performance systems, the U.S. has been in the forefront of studying such effects, as witnessed by the Upjohn Institute book edited by Jim Heckman. The recommendations flowing from these studies should serve as a caution to policymakers, agency administrators and program operators. They should suggest new ways to prevent a displacement of policy and program goals, if we are determined to participate in the performance measurement movement.

Alternative Evaluation Approaches

Editorial Introduction

Some experts on the evaluation of youth programs have concluded that evaluators, and those authorizing research, need to consider a wider range of methodologies in studying the implementation and outcomes of these programs. The three articles in this section provide ideas about evaluating net impact when random assignment is not feasible; using a mix of different methods; and developing a model for understanding and judging complex interrelated programs.

Testing the Use of Program Applicants in Studying the Net Effects of Social Programs

A guest review by
Ernst W. Stromsdorfer
Department of Economics
Washington State University

This review article comments on a recent publication from the W.E. Upjohn Institute for Employment Research written by Stephen H. Bell, Larry L. Orr, John D. Blomquist and Glen G. Cain titled *Program Applicants as a Comparison Group in Evaluating Training Programs.* This study attempts to extend *nonexperimental* evaluation methodology by developing statistically unbiased estimates of the net economic impact of governmentally-subsidized training programs — that is, to estimate net impact when there is no random assignment to treatment and control groups. In such nonexperimental situations, training programs may operate by means of a demonstration set up specifically to assess how a particular mix of treatments affects a specific target group or groups, *or the programs being assessed may be operational programs.*

Concern over selection bias has existed for over two decades, but thus far a solution to the selection bias problem, like the Holy Grail, has eluded discovery. The present study is no exception, though it is a very useful piece of work and should be mandatory reading for anyone who intends to understand and perform social program evaluation.

The fundamental conceptual issue in evaluating a training program or any other social program is the issue of providing *statistically unbiased estimates of outcomes or benefits of the program treatment.* Of course, since foregone earnings are often involved in the cost-benefit analysis of a social program — such as a training intervention — it is also necessary to provide unbiased estimates of program costs as well. A true experimental design, with random assignment to treatment and control groups plus no nonrandom attrition or crossovers, will guarantee an unbiased estimate of program net benefits and any foregone earnings, should they apply.

However, even the best managed experiments will suffer from *attrition* and possibly *crossover behavior.* Consequently the problem faced by the authors of the Upjohn book must be addressed even by those who design and operate experiments as well as by those who assess ongoing programs or demonstrations. The nonrandom selection into a program or attrition from a program are problems because the selection or attrition behavior can be a function of *unmeasured and unmeasurable variables.* Setting up an experiment may reduce the (largely unknown) extent of the selection bias problem, but it will not eliminate it, since some form of attrition will always occur, human subjects being what they are. Thus, these authors are attacking, as many others have, a very difficult and significant problem — perhaps *the problem* in social program evaluation.

In their first chapter, "Methods Used to Evaluate Employment and Training Programs in the Past," the authors set forth the history of nonexperimental methods used to attempt a correction for selection bias. This chapter will be particularly useful to those who wish to acquire a thorough review of the existing state-of-the-art regarding these econometric procedures.

Across the set of methods now used, such as the Heckman *two-stage approach,* the crucial question is whether the model used to control for selection is statistically identified by any of the observed variables that are included in the model. Put simply, the two-stage Heckman approach first estimates a probability function to predict program participation. It then feeds the information gained from this probability function into the benefit function used to measure program impact. Heckman has demonstrated that in a properly specified model, if there is *only one variable* that identifies the probability function in the model, his procedure controls for the selection. Estimated net program effects are unbiased. Note that just adding more *measured* variables to the probability function in the first stage of the Heckman procedures is no guarantee whatsoever that identification has occurred. In short, the solution to the problem is elusive since variables such as motivation, IQ, or the taste for work are either unmeasurable or difficult to measure. One never knows for sure, given the current state of statistical art, if a given model is identified in a behavioral sense.

In effect, the authors argue in Chapter 2, "The Case for Applicant-Based Comparison Groups," that the statistical identification problem is reduced if one selects as a comparison group those individuals who in some way are "non-participating applicants". The idea here is that such *non-participating* applicants are more similar to *actual participants* than are any other members of the program's target group, in terms of *unmeasured characteristics*. (Recall that the legislated target group for a given program is often very broadly defined, such as "the long-term unemployed" or "the economically disadvantaged".) The authors argue that this approach is particularly valuable if systematic records of the observable characteristics of applicants are kept throughout each step of the selection and screening process by the program managers who are selecting program participants.

They properly note, however, that questions concerning unmeasurable characteristics such as motivation, inherent ability, or the taste for work will still exist. So, a priori, while it is reasonable to assume that the authors' recommended procedure will reduce the problem of dealing with unmeasurable characteristics that underlie selection into a program, one does not know to what extent the problem is resolved. And in any case, the authors' main assertion that non-participating applicants are those most similar to the program's intended participants is always subject to empirical verification.

Chapter 3 of the book, titled "Estimating Program Effects in the Homemaker-Home Health Aide Demonstration," presents the initial test of the authors' recommendation in Chapter 2 by using a database that has both a true *control group* and *observations about applicants* who were not allowed to participate or who voluntarily declined participation at some stage in the program operation process. The evaluation of this demonstration is a true experiment that includes the use of a *subjective rating index* by the program's intake workers concerning an applicant's suitability to be a homemaker-home health aide.The rating scale ranges from *1* (excellent prospect) to *4* (poor prospect). Detailed data on measured personal characteristics are supplemented with two years of preprogram earnings data and four years of postprogram earnings data from Internal Revenue Service files. Consequently the database contains highly accurate earnings data — in the context of a true experiment with some attrition — and an attempt to subjectively assess certain unmeasurable characteristics that might predict program success. The study sample contains:

- **Withdrawals:** persons who applied but dropped out before they could be screened by program operators. This group contains individuals who may or may not have been selected into the program.
- **Screen-outs:** persons who applied but were rejected for admission to the program.
- **No-shows:** applicants accepted for participation but who failed to participate.
- **Experimental participants.**
- **True controls.**

To test the efficacy of their recommendation concerning comparison group selection, the authors first estimated net program impacts with the experimental participants and the true controls. Then they compared these results against separate regression models that use as the comparison group the withdrawals, the screen-outs and the no-shows, respectively. One might expect, a priori, that the withdrawals and the screen-outs would not measure up well as valid comparison groups. This turned out to be the case. Neither were the results encouraging for the no-shows, even after employing in the statistical models the selection rating index scored by program operators.

It is arguable that the no-show group is the most comparable to the treatment group. However, this statement depends entirely on why the no-shows do not participate, and on the *variety* of reasons the no-shows do not participate, since they are not likely to be a homogeneous group.The reasons for selection out of the program are key. If these reasons cannot be measured, then the efficacy of using no-shows as a comparison group is in considerable doubt. This group may serve as a comparison group no better than any other group of program-eligible individuals.

To see how matters turned out in this case, the empirical results are worth discussing. The initial difference in mean earnings over the four-year follow-up period represented by the IRS earnings income data — that is, experimental earnings minus no-show group earnings — ranged from $1,039 (year two) to $1,192 (year three). Regression adjustment that included the subjective rating index reduced the postprogram gain from a low of $135 (year one) to a high of $333 (year two) But these results were still $123 to $420 higher than the true experimental net effects, which ranged from $643 (year one) to $394 (year three). Since the value of the social investment criterion (the internal rate of return) depends on the absolute size of the cost and benefit effects over time, there is the potential for considerable bias in the estimation of this investment measure if one uses the no-shows as a comparison group.

The authors attempted to overcome the difficulty of having to make an arbitrary choice among these estimated models and their comparison groups in Chapter 5, "Testing Alternative Methods for Selection Bias". The main question addressed is "Which, if any, of the applicant-based approaches is sufficiently protected from selection bias to provide adequate substitutes for a randomized experiment?" The authors provide an effective review of the literature that focuses on the attempt to select an unbiased estimator. They then move on to their preferred method, the development of a *Bayesian decision framework* that will allow them to distinguish among competing estimates of net program impact.

While clear, the discussion is involved. It will most likely escape the intellectual appreciation of most government policymakers, legislators and their staffs, based on this reviewer's own experience over the past thirty years. Being difficult to explain and quite closely and logically reasoned, the discussion will probably fail to meet the authors' own subjective test of an effective *policy tool*. In their own words, "It is not enough that an estimation technique be considered free of selection bias in the minds of the researchers; it must also be *viewed* (the emphasis is in the original) as bias-free by policymakers if its results are to be trusted and used."

Even more to the point, as the authors point out, "...even if one or more of the applicant-based estimators examined here passes the validation tests we employ, we cannot claim to have found an applicant-based technique that will be as reliable as an experiment in all contexts." The method proposed has high internal validity but unknown external validity. What has eternally eluded us is the discovery of an estimator with a high level of external validity (which allows us to generalize net impact results), or a statistical test that will identify such an estimator from among a competing set.

Thus readers are left with a sense of frustration in assessing the authors' efforts. Nevertheless, despite this continuing problem, the monograph is a very thoughtful and well executed analysis. It should be required reading for everyone performing program analyses, for those attempting to interpret the results of such analyses, and for those who design new social initiatives.

Participatory Mixed-Method Evaluation

Many youth experts have claimed that narrow sets of issues and singular evaluation methodologies, particularly in isolation from one another, are totally inappropriate for studying youth development, education, training and employment issues. They insist that a broad set of issues must be addressed simultaneously, a continuum of research designs applied, and multiple methods used if we are to gain an in-depth understanding of the relationship between 1) social program interventions and 2) program outcomes and longer-term effects in social policy initiatives targeted to adolescents and young adults. This point of view stems from the belief that the interaction between socialization experiences and institutional interventions are exceedingly complex — young people are in a period of self-image and behavioral evolution, vulnerable to an array of influences and choices. Consequently these experts propose that the evaluation of youth programs must address a wider array of developmental and other issues, through the use of a more "participatory," "mixed method" type of research.

Even Nobel laureates in Economics have given attention to less mainstream approaches. For example, Herbert Simon, in *The State of Economic Science: Views of Six Nobel Laureates*, published in 1989 by the W.E. Upjohn Institute for Employment Research said:

> A very sophisticated body of econometric theory and methodology has been created since World War II to deal with the problem of carrying out economic analyses with data that are too aggregated, measure the wrong concepts, are too infrequently collected, and are exceedingly noisy. The experience of the past 50 years has shown that these sophisticated econometric tools do not compensate for the poor quality of the data to which they are applied.
>
> ...Other kinds of data can of course be obtained: data that tell us something about the expectations, preferences, and choices of economic actors at micro levels. Opinion and attribute studies can be conducted...Actual decision-making processes can be observed...but polling data and "case studies" of individual behavior are mistrusted in orthodox economic methodology. The use of these kinds of data to discover the realities of economic life and to provide an empirical basis for the auxiliary assumptions we need will require a revolution in methodological beliefs in economics, and a revolution in the training of economists...

An International Exemplar

The Evaluation Development and Review Unit of The Tavistock Institute in London, directed by Elliot Stern, who organized the United Kingdom's evaluation association, has been applying participatory mixed-method evaluation approaches for over twelve years. What the Tavistock researchers have done is to weld together, with strong bonding at the front end of the evaluation process, the following ingredients: 1) the principles and practices imbedded in planning, systems analysis, organizational theory and human resource development, and 2) their research training, knowledge and expertise. What further distinguishes their approach from traditional practice is the synthesizing of the norms, values and ethical contexts that support these other disciplines. This borrowing, marrying and integrating of different perspectives has led them to embrace a collaborative, supportive, mixed-method approach to evaluation.

A new wave of American evaluation researchers also have emphasized the importance of the relevance of an evaluation to its policy context; the appropriateness of an evaluation plan to the goals and developmental phase of the program being evaluated, and to its environment; and the competence and objectivity of the evaluator's methodology. An appreciation of the political, sociocultural, economic and organizational environment of an evaluation effort is viewed as a critical asset. An ability to invest key players from the beginning to the end of the evaluation planning, implementation and utilization process is understood to be essential in encouraging and sustaining support for an evaluation activity. It is considered significant in assuring that evaluation results and recommendations are communicated honestly, communicated at the right decision points in the policymaking process, and communicated to those in a position to initiate, rationalize and maintain change. This is a stakeholder, user-oriented evaluation process that demands an eclectic tool kit.

A side benefit of this approach, not insignificant, is what Americans now like to call "capacity-building." Building greater evaluation capability recognizes and appreciates the differences in the assumptions, values, knowledge base, training and experience of the diverse constituencies involved in most evaluation efforts, and seeks to reduce these differences by encouraging the participation of diverse actors while providing them with an education about the research process.

In the wake of an unprecedented decentralization of social programs across all postindustrial nations in the context of new economic restraints, increasing local and regional capability and trust are now mandatory. The pay-off is new possibilities at those levels for exploring subnational questions of direct interest and concern to people responsible for operating and modifying programs.

Strengths and Weaknesses

Stern commented about the potential weaknesses, as well as the clear strengths of the more pragmatic mixed-method approach, in his session at an international evaluation research conference in Vancouver, British Columbia in November 1995. The following comments by the editor of *Evaluation Forum*, Ann Bonar Blalock, echo some of Stern's anxieties and suggest others:

1. This approach is more appropriate and useful in evaluating innovations in their early stages, because one wants maximum flexibility in this case for identifying key variables that should be measured and studied in later evaluations. But this approach should not be precluded in studying ongoing programs that have a more established track record, because it expresses a commitment to looking at both program implementation and effects. Large-scale, periodic evaluation efforts with ongoing programs could clearly benefit from a similar emphasis.
2. It appears to be true that internal self-evaluation efforts (part of the participatory approach) that are tied carefully to less subjective independent evaluation activities can best invest program practitioners and their stakeholders in the evaluation process, increase the often troubled working relationship between researchers, program staff and others invested in the program being evaluated, and increase substantially the use made of evaluation information for continuous program improvement and policy change.

   The concern, however, is that it is a sizable challenge to maintain successful coordination between 1) self-evaluation activities and results, and 2) evaluation activities conducted by external and program-independent researchers and their results. This requires an external team with the funding, time and diverse expertise to assure that joint planning at the front, collaborative implementation in the middle, and an integration of results and recommendations at the end *are held together*. Where the needed resources for useful self-evaluations appear to be unavailable, where the management of this complex an evaluation effort is likely to be weak, or where the independent evaluators commissioned for the study are likely to take inappropriate control of the entire effort, there are problems.
3. The importance of developing a new "evaluation culture" cannot be overemphasized. This is what the Tavistock approach is all about. It requires a redefinition of the traditional roles of policymaker, program operator, stakeholder and researcher in the collaborative, information sharing direction — a long overdue revision of evaluation researchers' usual style and inclination.
4. The Tavistock researchers point out that the relationship between 1) program safety in a hostile world, and 2) the willingness of program personnel to resist the demand to "look good at all costs" is a significant one in this era of economic scarcity and government downsizing. But one wonders if the collaborative mixed-method approach can survive this onslaught, since program staffs tend to feel now like the workers caught in a web of potential mergers and mass layoffs in the corporate sector. If evaluators can be seen as safety mechanisms rather than as danger zones, there will be continuing support for a better approach — but this remains to be seen. And the drying up of research funding may eclipse this problem altogether.
5. The Tavistock approach is demanding of multiple skills and talents, and quality control and information integration are large challenges not all evaluation teams could manage. The potential cost of this interdisciplinary expertise is also a consideration, particularly the excellent introduction of educational training seminars, something all researchers should try to incorporate in evaluation efforts.
6. The Tavistock approach involves tailoring a unique mix of organizational and research strategies to the priorities given attention by policymakers, and to the nature and development stage of a social initiative — something researchers frequently fail to do in requesting and launching evaluation projects.
7. There are valid concerns about making comparisons across similar programs at the local, regional, national and transnational levels, as part of the mix of methods. This is a very tricky business. One must reduce bias in such comparisons by identifying the criteria to be used in judging the true *comparability* of the programs to be compared. Important is a *prior* description of conditions such as the following:
   - the policy context
   - the program environment
   - the intended program goals, means, interventions
   - the intended population to receive the interventions
   - the desired outcomes for this population
   - the actual characteristics of program implementation
   - the actual characteristics of the target group
   - the actual interventions received
   - the characteristics of program management and service delivery and the nature of the information collection, storage, and analysis process
   - the research methods used and by what kinds of researchers

   The problem is that one cannot take comparability for granted. The title of the project or program may be the same from site to site, but

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there are always significant differences in the way an abstract program is given life in a particular environment. These differences render sites less than comparable. Consequently evaluators must try to identify and compensate for these differences in comparing the implementation and effects of these different applications of a central concept, or of programs that appear to flow from the same premises and serve the same general purposes.

8. Not apparently included in the mix of methodologies within the Tavistock approach are research designs which estimate the *net* effect of a program's unique set of interventions — these experimental and quasi-experimental evaluation designs are generally considered "state of the art" impact methodologies by a large cohort of American evaluation researchers. The ability to estimate the net return on the public's investment in a program has appealed to policymakers in this market economy for a good reason — it allows them to place evaluation results within a familiar investment/profit framework.

   But these designs are not perfect, therefore their absence in the mixed method approach may not represent a research deficit. Such methodologies limit the number of variables that can be studied, and the number of measures that can be used to define those variables. They alter the intended implementation mode of a program that may distinguish it from other alternatives and help explain its effects. It is difficult to convince program staff that maintaining random assignment procedures is critical to the evaluation. The treatments are often poorly defined. And it is difficult to interpret the results of experiments because net impact studies are frequently authorized in the absence of an effort to study the characteristics of program implementation that may explain program effects. Even highly accurate information about outcomes can be misleading in the policy process, if one has no idea why or how they happened.

9. In this complex an effort, researchers must keep track of *who*, with what potential set of biases, is collecting information about *what* and by what means, so that the evaluation team holding this all together can distinguish between different levels of subjectivity in the information to be brought together at the end. This is critical in interpreting information from multiple sources and therefore in making policy and program recommendations based on this information.

Editor's Note

Elliot Stern's paper at the international conference, written with Elizabeth Sommerlad, was titled "The Devolved Evaluation of Dispersed Programmes." Stern is the editor of a new international evaluation research journal published by Sage titled *Evaluation*.

An interesting article in the fall 1995 newsletter of Harvard University's Family Research Project, *The Evaluation Exchange*, discusses an approach similar to Tavistock's in "Participatory Evaluation: Enhancing Evaluation Use and Organizational Learning Capacity." The authors propose that participatory evaluation is an extension of the traditional *stakeholder-based model*. Key characteristics are:

- Control of the evaluation project is jointly shared by researchers and practitioners.
- There is a limit to the number of stakeholders involved.
- There is an unusual depth of participation among non-researchers.

In the traditional model, stakeholders are consulted early to define the focus of an evaluation and later to help interpret the data, but they are only rarely involved during the research process and write-up phase. In the participatory model, joint control of the evaluation means that the evaluation agenda is mutually determined and conducted. Stakeholder participation, however, is limited to those with program responsibility or an investment in the program. Members of the program community are involved in defining the evaluation, developing instruments, collecting data, processing and analyzing data, and reporting and disseminating results. This involvement of practitioners and stakeholders is expected to increase the utility of an evaluation and the capacity of those participating to organize and carry out useful evaluations.

The senior author of the article, J.B. Cousins of the University of Ottawa, Canada, has written extensively on this approach to evaluation. He also has written two papers for international research conferences which may be of interest: "Collaborative Evaluation: A Survey of Practice in North America," and "Consequences of Researcher Involvement in Participatory Evaluation. "

The European Commission's Effort to More Effectively Structure Evaluation Activities

The directorates of the European Commission (EC), the central government of the European Union, carry out the policies developed by the executive bodies of the Union, the Council of Ministers and the European Parliament. A significant proportion of the Commission's funds are the *Structural Funds* for large-scale economic development, employment and training, and other human resource projects and programs across member states of the Union. Although the Commission has required that the use of these funds be monitored and periodically evaluated, the information made available to the EC from past assessments has not been viewed as fully adequate for decision-making.

In an environment of increasing concern about establishing the European Commission's accountability in a devolved and decentralized social provision system, the Commission recently sponsored a special project to enhance the evaluation of projects under the Structural Funds. This effort emphasizes the concept of *Intermediate Evaluation* — the ongoing and systematic evaluation of these projects and programs, as compared with previous periodic, often one-time-only evaluation efforts. The Center for European Evaluation Expertise in Lyon, France won the contract to organize this project.

The Development of a New Set of Guidelines for Evaluation

The Center sponsored several seminars in Brussels in 1995 on evaluation planning, design, implementation and utilization. The seminars brought together a select group of experts on evaluation research and project administration to advise the EC — that is, evaluation research experts from the U.S. and member countries of the EU, administrators of relevant EC directorates, and researchers on contract to the EC. The purpose of the presentations and structured discussions was to provide insights that could be incorporated by the Center within a *general evaluation guide* for use by the *Monitoring Committees* the EC had established to be formally responsible for planning and oversight regarding the projects supported by the Structural Funds.

These Monitoring Committees are unusually large, composed of representatives of the EC, government officials in the host member countries, and Structural Fund project managers and program operators in the areas served by the Committees. The staffs supporting these committees have not, in most cases, included personnel with research training or experience. Consequently the Committees' mandate to evaluate has been unevenly honored, with each Committee tending to impose its own definition of evaluation.

The intent of the new guide was to increase the coordination of evaluation approaches, policies and activities within the Monitoring Committees around a *standard set of principles* and *recommended practices*. This standardization of a core understanding of the value and nature of Intermediate Evaluation was expected to assure more efficient and effective studies of projects, and a greater use of findings in improving the results of initiatives that flowed from EC policies.

Following the seminars, the beginning guide, *Organizing Intermediate Evaluation in the Context of Partnerships*, was published in late 1995. The word "partnership" has special meaning, since the European Union (EU) involves a complex set of vertical and horizontal partnerships pursuing common goals, which are reflected in the structure of the Monitoring Committees. In this sense, the EU is a great experiment in testing the viability of building cooperative relationships among powerful sovereign partners. The Monitoring Committees are a potentially exciting test of collaborative evaluation planning and utilization.

In this context, the evaluation guide is expected to raise partners' awareness of effective strategies for organizing and managing competent evaluations with high utility. The guide does not, however, suggest that an incentive/sanction system be developed to secure compliance with the guide's positions and recommendations.

Partnership Collaboration and the Goals of Intermediate Evaluation

The EC guide places strong emphasis on a heightened sensitivity to the needs, interests and resources of multiple stakeholders, and the creation of a collaborative partnership-oriented environment — a new *evaluation culture*. It differentiates between "mature" partnerships characterized by shared objectives and combined budgets, "single actor-dominated" partnerships that are more hierarchical; and "loose ad hoc" partnerships that survive on weak consensuses. It asks that Monitoring Committees appreciate these differences in developing stronger partnership networks. Expanding the network further, the guide suggests that Monitoring Committees include representatives of the *recipients* of Structural Funds projects. Given this broad focus on collaboration, the guide describes a dual purpose for evaluation activities: *project/program improvement*, and the establishment of *accountability* with funders, partners and program recipients.

Because of variability in the composition of Monitoring Committees, the guide outlines both 1) basic Intermediate Evaluation requirements, and 2) optional recommendations.

The basic requirements suggested are these:

- A clearly defined *five-year evaluation plan*.
- The development of relevant *targets* to be accomplished over the five years.
- The specification of the *outputs* that have already been achieved.
- The evaluation of the *impact of the "evaluable" elements* of projects.
- The development of *recommendations for corrective action or enhancement*.

It is acknowledged in the guide that the level of rigor of impact evaluations will inevitably be influenced by the interests, timelines and resources of particular Monitoring Committees. However, there is no specific discussion of different kinds of outcome evaluations, such as simpler pre-post studies, or more complex quasi-experimental and experimental net impact studies. Neither are there cautions about undertaking *comparative* studies across projects or sites where it is difficult to obtain

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comparable baseline and outcome data. However, the guide seems to *encourage* Monitoring Committees to move toward rigorous net impact studies.

The guide distinguishes among three kinds of evaluations: *ex ante, intermediate* and *ex post* studies. In the European vernacular, ex ante studies typically provide baseline information at the beginning of a project or program and information about their early implementation. Ex post studies look at short and/or longer-term outcomes at the end of a project's or program's official life span. Intermediate evaluation represents *ongoing* evaluation of a project or program over its administrative or legislative life, and is expected to contribute information on the basis of which competent ex post evaluations can be conducted. Other distinguishing features of ongoing evaluation in the guide are the length of time allotted for the evaluation process, the close association of evaluation activities with the monitoring process, and the methodological difficulties in studying longer-term project or program effects prior to the end of the life span of the initiative.

Steps in Carrying out a New Evaluation Mandate

The guide is organized as an ideal type progression of steps. Monitoring Committees are expected to mirror these stages at their own pace and according to their own assessment of what steps can occur in logical order versus simultaneously. The overarching principle is that evaluation activities should be an *integral* part of Committees' ongoing responsibilities rather than a sometimes add-on. The steps are these:

- Securing the evaluation mandate and organizational support for evaluation.
- Setting priorities among evaluation issues and developing RFPs.
- Developing specific evaluation plans.
- Managing evaluation activities and maintaining their quality.
- Disseminating evaluation results with the goal of utilization by key actors.

These steps highlight features of ongoing evaluation efforts that are intended to produce unbiased information about the major aspects of projects and programs in a collaborative, inclusive atmosphere that supports utilization.

Developing a Framework for Evaluation

Monitoring Committees are encouraged to develop a general, pragmatic, written "evaluation mandate" that clarifies a particular evaluation's orientation and priorities and the responsibilities of key actors. Apart from organizing evaluations more effectively, preparation of a mandate is expected to encourage discussions across the vertical and horizontal partnerships within Committees. Such discussions are intended to motivate members to commit themselves to the objective of an evaluation, to a general set of research questions, to who is responsible for organizing and carrying out an evaluation, and to ways in which the results can be disseminated and used. Evaluation design seminars or retreats are recommended as ways to structure this planning effort.

Key issues to be decided are operational responsibility, the adequacy of the evaluation budget, the timing of evaluation activities, the composition and roles of the evaluation team to be selected, and where and when the researchers are to be brought into the evaluation process.

Having reached agreement on a mandate, Monitoring Committees are encouraged to work toward a consensus on a core set of clearly conceptualized, realistic, "evaluable" questions, while appreciating the diverse interests and agendas of members. These questions can involve studies of intersecting policies and programs, or studies that seek to isolate the influence of a particular set of interventions. The qualification is that the choice should be made explicit at the front-end of evaluation planning.

Developing an Organizational Environment for Evaluation

Some Monitoring Committees currently leave evaluation planning to their staffs or to a group of program managers. The guide strongly recommends that a new partnership needs to be formed, involving members of the Monitoring Committee, their staff, and an independent evaluation team. Creating an *evaluation subcommittee, evaluation task force*, or *research advisory group* is recommended, to assist Monitoring Committees in honoring their oversight responsibilities. Entities such as these, linked directly to evaluation, can provide advice at the beginning of evaluation planning, review the progress of evaluation activities, suggest solutions to research and organizational problems that arise, and contribute insights about ways to present findings for use by different audiences. Defining lines of authority and communication, and the roles to be played by such bodies, are considered a critical task.

Identifying Program Assumptions and Objectives in Developing the Research Questions

One of the most difficult *early* evaluation tasks is addressed in the guide — identifying the hierarchy of objectives and intended cause-effect relationships that define a particular project or program. The explicit and implicit hypotheses that are revealed in the legislation or directives initiating social programs tend naturally to be modified as these programs are operationalized. Consequently the development of evaluation questions must give attention to both the original program design and the operational program. The guide suggests that the results of such negotiations over goals, objectives and desired outcomes should be incorporated within Requests for Proposals (RFPs).

The Selection of Evaluation Approaches and Methodologies

The guide recommends that the bodies under, or associated with Monitoring Committees that are dedicated specifically to evaluation, assume responsibility for developing RFPs for evaluations and selecting evaluation teams with the approval of the Committees. The RFP development process is to resist promising too much information about too many issues, given evaluation budgets, timelines and expertise. In this development process, Committees are encouraged to consider 1) what kinds of evaluators are needed for a particular evaluation, given the research questions negotiated and incorporated in the RFPs, and 2) the need to contract with researchers whose training and experience combines research expertise with a substantive knowledge of the type of project to be evaluated.

The Use of Indicators

The EC has emphasized the use of "indicators" in making assessments of projects, and the guide includes important suggestions about the use of such indicators. It suggests, for example, that indicators must be key measures of major relationships expressed in a program's design — therefore it is important to develop measures of variables describing *program implementation* as well as those representing priority *outcomes*. It is recognized that measures of some of these key variables may not be available to evaluators through administrative data systems, and therefore must be defined and collected by the evaluation team. Some of the cautions in the guide regarding the development and use of indicators are these:

- A careful review of program *objectives* can assist Monitoring Committees in deciding what indicators are critical to use in a particular evaluation.
- An effort should be made to develop measures of both *shorter-term and longer-term* outcomes, and both *narrower and broader* effects.
- Using both *qualitative and quantitative* indicators is important, particularly in studying the *quality* of outcomes and effects.

Absent from the discussion of indicators is any reference to the use of performance *standards*, other than the interest expressed in general (performance) *targets*.

The Independence of Evaluators

The guide gives appropriate attention to the issue of research independence, cautioning Monitoring Committees to select evaluators who are not linked to the management of the program to be studied, have not been involved in its design or implementation, and were not part of applying recommendations from previous evaluations. This is an important caveat since a substantial portion of EC evaluations have been *internal* evaluations conducted by EC or member country civil servants in EC directorate evaluation units or program divisions. While supporting the idea of external evaluators, the guide recognizes the significant benefits in developing and maintaining a positive working relationship between evaluators, program staff and a program's information system personnel. This is expected to increase the accessibility and use of monitoring information in evaluations, depending on data coverage and reliability. But the guide clearly reserves the design of analyses and the conducting of these analyses for the evaluation team.

Developing *Evaluation Plans*

The guide clarifies that Monitoring Committees should resist turning over the responsibility for developing the plan for evaluating a particular set of programs or projects exclusively to the evaluators selected. Rather, close communication and collaboration are recommended between the Committee and evaluators as the evaluation team translates the content of an RFP into a specific evaluation plan. A clearly defined plan will consider the interests of the various partners as well as the goals of the program to be studied, which then engages stakeholders in utilizing evaluation results.

Again, in developing evaluation plans, the guide recommends that Monitoring Committees and their evaluation bodies consider both *implementation* and *outcome* issues. This is consistent with the guide's emphasis on beginning with what hypotheses and assumptions are imbedded in a program's design. The cause-effect relationships these hypotheses propose are often neglected in singular evaluations of outcomes or impact. Monitoring Committees may obtain accurate information about such effects, but with little knowledge of why or how they occurred. Consequently the results obtained may be misinterpreted, and critical information for improving programs left unidentified.

Because each major EC Structural Funds project typically involves a set of programs within it, Committees are faced with decisions about whether to mount ongoing evaluations of an entire project, to give special attention to certain programs, or to compare programs within a project or across program sites. The guide suggests that Monitoring Committees use a number of criteria in resolving this dilemma, such as the project's stage of development and the potential utility to the Committees and the EC of obtaining information on entire projects as opposed to specific programs within them. Again, evaluators and Committees must work together on these issues.

Managing and Reporting on the Evaluation Process

The guide terms the management of evaluations "a process of dialogue and adjustment." This collaborative message is clear in these suggestions concerning the implementation of an evaluation:

- Systems need to be developed that provide ongoing information about the progress of an evaluation to key actors.
- Assurances are needed that the evaluation is being implemented by the senior evaluators selected, rather than personnel under them.
- Communication channels between the evaluators and the sponsors of evaluation must remain open and utilized throughout the evaluation process and the writing of progressive drafts of evaluation reports.

Information objectivity is a priority in the guide. It identifies the desirable characteristics of evaluations and their reports as the following:

- **Reliability**: are the data used in the evaluation reliable and is the analysis of these data objective?
- **Methodological appropriateness**: why was this methodology selected and does it remove potential sources of bias to the extent possible?
- **Report clarity and coverage**: does the evaluation report explain the methodology as well as the results, and in a concise but full and accurate manner?
- **Separation of results from action recommendations**: are recommendations clearly distinguished from the reporting of evaluation results?

Dissemination and Utilization

The guide is unique in its recommendations for using evaluation information to improve programs while establishing credibility with multiple constituencies. These are the suggestions:

- Different kinds of dissemination strategies should be developed, responsive to the interests and concerns of the different groups of partners, without compromising the accurate presentation of evaluation results and the methods used to obtain them. For example, Monitoring Committees may want to format the evaluation information differently for EC directorates and member states, members of the Committees, program administrators and managers, stakeholders and the public -- and may wish to phase in this series of reports.

- The distribution of evaluation reports should be accompanied in some cases by opportunities for providing feedback from potential users, such as small conferences, seminar or discussion groups.
- Dissemination can also be accomplished through video presentations, press conferences and other non-written means.

Comments on the EC Guide

The handbook produced by the Center for European Evaluation Expertise represents a major new direction in assessing the EC's Structural Funds projects. Because these funds are contributed and spent in the context of a powerful supra-national environment — one characterized by the necessity to accommodate diverse national, regional and local interests and organizational agendas — this beginning effort to systematize and make evaluation thinking, planning, implementation and use more effective is a dramatic development.

The Center, directed by Eric Monnier, organizer of the European Evaluation Association, has produced a clear, non-technically written, artfully summarized set of guidelines covering key issues in social program evaluation. It is appropriate particularly for the multiple partnerships involved in sponsoring, organizing, contributing to and using evaluations in making policy decisions and improving programs funded jointly by member nations of the EU.

However, the guide's use is not limited to Europe. It has practical application at the state level in the United States. Its insights are relevant to the evaluation of the new *statewide human resources systems* which are being developed in devolved and decentralized environments involving multiple partnerships. Many of the same evaluation issues and dilemmas addressed in the guide are being dealt with across American states.

The publication's major contribution in this respect is its emphasis on both *scientific competence* and *partnership collaboration* throughout the evaluation process. It projects a "best practices" model of a participatory, collaborative, mixed-method approach to evaluation research that clearly has implications for the American experience.

Resources

U.S. Youth Initiatives and Program Evaluations: Selected Examples

In total, a vast amount of attention has been directed toward the resolution of youth education, training and employment problems in the form of policy analyses and evaluation research. But public policy has frequently ignored the information produced. In the late eighties and during the nineties American analysts often turned to European models, which have invigorated American strategies for addressing youth problems.

However, in this article we focus on *selected examples* of American analysis and research that have attempted to utilize the information accumulated from multiple sources in evaluating youth programs. Readers interested in more information on youth initiatives in education, training and employment may access additional examples later in the Resources Section.

Congress and the Federal Agencies

The Departments of Education, Labor, and Health and Human Services (HHS) have sponsored an array of youth initiatives and have supported sophisticated evaluations of some of these demonstrations. We highlight two initiatives: a pilot project sponsored by Health and Human Services, and the school-to-work legislation involving Education and Labor.

Health and Human Services

In 1986, the Family Support Administration within HHS sponsored *The Young Unwed Fathers Project*. The project responded to the need to review existing information about the unwed father population, in the context of a clear relationship between the skill level of young men and fatherhood. Ten policy analyses were commissioned by the project for review and discussion at a national symposium funded with the assistance of The Rockefeller Foundation. In 1987, a major report was authored by J. Smollar and T. Olms titled *Young Unwed Fathers: Research Review, Policy Dilemmas and Options.* The report drew these conclusions:

- Unwed fathers need to be held responsible for their children and required to fulfill the minimum obligations of fatherhood — legally establishing paternity and paying financial support.
- Unwed fathers should be encouraged to develop a personal relationship with their children.
- These fathers' needs and rights must be balanced against their responsibilities.
- These fathers need assistance and encouragement in fulfilling parental responsibilities in terms of acquiring occupational skills and employment.
- Acquiring skills and employment benefits fathers, children and society.
- Different sectors of society, and different levels of government, must work together in encouraging responsible parental behavior.

School-to-Work

The *School-To-Work Opportunities Act of 1994* responded to years of concern about youth development, education and employment issues in the U.S. It benefitted from expert opinion and research on youth issues in the U.S., and numerous site visits to European Union countries whose youth programs have provided important lessons for American youth programming. The Act provides federal funding to develop state and local systems for assisting youth in making a successful transition from secondary education to further education and skills training, and then into productive careers. Federal "seed money" has been received by eight states in 1994 and nineteen in 1995. States receiving seed funds are expected to award subgrants to local school-to-work partnerships.

The Act requires the Departments of Education and Labor to conduct a national evaluation of the systems developed under the legislation. In 1995, Mathematica Policy Research, Inc. (MPR) was selected as the principal research firm to design and conduct this evaluation.

The evaluation is guided by four key objectives:

- The assessment of states' progress in creating systems that change the way youth are educated and prepared for careers.
- The identification of promising practices and barriers to developing new school-to-work systems.
- The determination of the nature and extent of participation in partnerships and programs developed by employers, schools, students, public programs, educational institutions and/or others.
- The measurement of the outcomes of students in high school, postsecondary education and training, and employment.

The evaluation plan to be implemented between 1996 and 1999 responds to these objectives through three major components:

- *A mail survey of local school-to-work partnerships*, to collect data on:
    - Composition of partnerships.
    - School-based and workplace-based activities involved.
    - Linkages to postsecondary options.
    - Approaches for assessing students.
    - Levels of student participation.
    - Aggregate measures of transitions out of high school and into postsecondary options.
- *Case studies*: a sample of seven to nine states and forty-two local partnerships, to collect data on:
    - Approaches in developing school-based, workplace-based and connecting activities.
    - The availability and utilization of

the opportunities developed for students.

- *A survey of students* using questionnaires and a telephone follow-up: thirty-two randomly selected partnerships in the same states in which case studies will be conducted, to collect data on three cohorts of 12th grade students at three measurement points between 1996 and 2000 regarding:
  - Changes in students' access to and participation in school-based and workplace-based activities under the new systems developed.
  - Changes in high school, postsecondary and employment outcomes achieved.

The Act was clear about requiring both a *process* (implementation) study and an *effectiveness* study. In May, 1996, MPR produced their initial report on the School-to-Work Opportunities Act systems, titled *School-To-Work Implementation Progress: The State Perspective in Early 1996*, written by Alan Hershey, MPR's project director, and Linda Rosenberg. The report covered a number of process evaluation issues emerging from discussions with directors of school-to-work systems in the twenty-seven states receiving implementation grants. Among these issues were:

- The nature of state and local partnerships.
- The nature and extent of partnership resources.
- How "development" and "implementation" grants are being utilized.
- The funding process for local partnerships.
- The priorities set in developing systems.
- Implementation "best practices."
- Problems and successes regarding the involvement of employers.
- The role of the national School-To-Work Office.

The researchers found that the major areas in which states felt they had made substantial progress were creating collaborative relationships, developing career guidance activities, building local partnerships, creating a common vision for the school-to-work transition, and marketing that vision. At the substate level, the key areas of improvement were partnership development, involving employers, and linking curricula across diverse areas.

The most important barriers to developing school-to-work systems were a lack of understanding, knowledge and expertise regarding the development of these systems; bureaucratic inertia, resistance and conflict; and difficulty in creating and sustaining cooperation and collaboration. Similar obstacles were encountered at substate levels. The twenty-seven states receiving the implementation grants viewed the national office as helpful and supportive, but advocated a more coordinated, consistent and persistent campaign for school-to-work systems by key national leaders, and urged more involvement by employers.

In February, 1996, the Departments of Education and Labor sponsored a roundtable titled *Net Impact Evaluation of School-to-Work: Exploring Alternatives*. Six papers were commissioned for the roundtable which addressed issues surrounding the development of a net impact design. Broad areas of agreement emerged from the day-long session with school-to-work experts and researchers:

- A net impact evaluation should not attempt to measure the impact of the entire system, but rather the impact of *components* of the system and the *interaction* among these components.
- In studying the school-to-work system in this way, there was support for using a *typology* of state/local systems based on a number of characteristics.
- The research design should include a study of implementation (already in progress), a quasi-experimental and observational study of outcomes, and a small number of randomized trails to test either planned variations in the system or basic assumptions underlying system development.
- The study of system outcomes should include the impact on employers, through a special survey or some other research strategy.

School-to-work systems were viewed as involving more than the conventional array of outcomes, to encompass whether youth begin to formulate concrete career plans, and whether employers restructure their career ladders and offer higher wage jobs to high school graduates. In June 1997, the Department of Labor published the results of the roundtable in *Evaluating the Net Impact of School-to-Work: Proceedings of a Roundtable*.

Public/Private Ventures, Inc. (P/PV)

Several years prior to the project sponsored by HHS, Public/Private Ventures, Inc. designed the *Young Unwed Fathers Pilot Project*, funded by the Charles Stewart Mott Foundation and other contributors. It was operated in six sites across the country. Programming in the sites expressed five key elements: education, occupational training through JTPA, "fatherhood development" activities, and counseling and ongoing support, including services eighteen months beyond job placement.

The evaluation of the pilot project indicated that the Fatherhood Development curriculum developed by P/PV was a successful element of the pilot, but it also revealed these challenges:

- JTPA eligibility requirements, based on households and income, sometimes acted as a barrier to the enrollment of young fathers.
- The lack of stipends frequently forced participants to find jobs prematurely, simply to meet short-term economic needs.
- The project's requirement that participants establish legal paternity tended to retard recruitment.

P/PV's policy analysis, programming and evaluation activities go well beyond fatherhood issues, however. They embrace a range of youth development, education and employment problems. Its organizational priority has been to address "two fundamental weaknesses in youth policy: 1) a lack of programmatic attention to youth's basic needs for sustained adult attention, for safety, for recreation and learning activities, and for work that holds future promise for labor market success, and 2) a lack of evaluation approaches that capture a youth's developmental progress."

The firm has developed a number of curriculum modules as part of its programming goals, such as the 23-session *Fatherhood Development* module, the 60-session *WORKmatters* module, *Work and Society*, *Crosswalks*, and *Life Skills and Opportunities*. P/PV has also conducted an experimental evaluation of *Big Brothers/Big Sisters* programs that suggested that adult/youth mentoring relationships can reduce dramatically initial drug use by teenagers in single-parent families, and improve school performance and peer and family relationships. Beginning evaluations of the *Bridges to Work* and *WorkPlus* demonstrations suggested it was possible to involve employers in enriching the work experience and career potential of poor youth. And the firm's work with neighborhood groups in initiatives such as *Plain Talk* and *Community Change for Youth Development* clarified that adequate resources and strong adult commitment had a significant influence in poverty areas.

In 1992, P/PV conducted a study of a set of projects sponsored by the firm and others which were focused specifically on the effectiveness of mentoring as a youth program intervention — P/PV's *Adult/Youth Relationships Pilot Project*, as well as Temple University's *Linking Lifetimes* programs, Campus Compact's college-based mentoring projects and a program sponsored by the I Have A Dream Foundation. A series of reports were produced in 1992, including *College Students As Mentors for At Risk Youth* by J. Tierney and A. Branch, and *Adult/Youth Relationships Pilot Project* by J. Greim. These reports revealed the complexity of successful mentoring programs as well as their clear benefits.

The Manpower Demonstration Research Corporation (MDRC)

In the early 1990s, MDRC studied a number of innovative school-to-work transition programs around the country, and the role played by employers in these programs. In 1993, MDRC produced a report following the study, *The School-to-Work Transition and Youth Apprenticeship* by T. Bailey and D. Merritt. The report focused on the youth apprenticeship model, the 4-H program, cooperative education, career academies and Tech Prep.

Interest in youth apprenticeship models grew dramatically in the U.S. in the 1990s based on an admiration for the German apprenticeship system. The U.S. Department of Labor created an Office of Work-Based Learning which launched a number of pilot projects to test apprenticeship-type programs, and foundations such as Jobs for the Future supported experimentation with apprenticeship approaches. However, the German socio-economic environment differed significantly from American society in that new apprenticeship strategies were needed. While including components common to European models, such as workplace-based learning and credentialing, alternatives such as the academies and Tech Prep seemed more appropriate.

MDRC found that the workplace-based training component was the most significant problem area. Involving American employers in a systematic way, to support apprenticeship models over time, has proven difficult. School-based enterprises and cognitive apprenticeship demonstrated potential as options, but the linkage between these options and the workplace have remained tentative. Consequently MDRC concluded that there were important barriers to developing and implementing a large-scale youth apprenticeship system in which a significant part of the learning was workplace-based. The firm suggested building on models such as academies and Tech Prep, incorporating incentives to encourage employer participation.

In 1996, MDRC produced a report on its evaluation of the implementation of career academies, *Career Academies: Early Implementation Lessons from a Ten-Site Evaluation*, by J. Kemple and J. Rock. The evaluation focused on the characteristics of academies, student recruitment and selection, enrollment and attrition patterns, and the characteristics of students and teachers. Also in 1996, MDRC disseminated its evaluation of Ohio's *Learning, Earning and Parenting Program* (LEAP). LEAP responded to two major concerns: the long period teenage mothers remain on public assistance, and the high dropout rate for poor teenagers in the educational system. The evaluation covered twelve counties and was reported in a series of reports. The final report, *Three-Year Impacts of Ohio's Welfare Initiative to Improve School Attendance Among Teenage Parents* by D. Long et al, analyzes LEAP's effect on school completion, employment and welfare receipt for a subsample of teens three years following eligibility for the program.

The first evaluation report showed that LEAP was feasible to operate. The second found that the program prevented some in-school teens from dropping out and brought some dropouts back into the system. The third showed that increased school attendance translated to a significant increase in school completion for teens enrolled in school when they were determined eligible for the program, but little gain for teens who had dropped out prior to eligibility determination. Overall, only a segment of the program population experienced positive outcomes.

The Carnegie Corporation and the Southern Education Foundation

In 1995, the Corporation's Council on Adolescent Development produced a major report titled *Great Transitions: Preparing Adolescents for a New Century*. Its recommendations fell heavily on the side of stronger roles for the employer community, essentially giving added support to school-to-work alternatives. It highlighted the social costs of ignoring the educational and occupational skill deficits of American young people. A similar theme was evident in the Southern Education Foundation's 1995 report on the work of its *Panel on Educational Opportunity and Postsecondary Desegregation* titled *Redeeming the American Promise*. The panel found significant remnants of segregation shaping higher education, reducing educational opportunity for minority students. The report called for an educational system from kindergarten through four-year colleges that was more student-centered and performance-driven, and for a more comprehensive, system-wide approach to equal educational opportunity.

U.S. Congress: Office of Technology Assessment (OTA)

Another 1995 report is an important resource, *Learning to Work: Making the Transition from School to Work*. The report indicated that work-based learning can help students understand the relevance of academic studies to their later lives, assist them in exploring career options, encourage them to acquire desirable work attitudes and habits, contribute to the development of occupational skills, and prepare them for lifelong learning. OTA explored a range of school-to-work alternatives and provided these insights:

- Workplace learning is most likely to be effective when planned jointly by schools and employers, when focused not only on occupational skill development but on personal development and a broad understanding of industry, when coordinated with the academic and occupational instruction of schools, and when students' progress is evaluated frequently.

- The effects of school-to-work systems on student success and workforce productivity will require more than a decade to evaluate, though interim assessments of implementation and student performance can be useful in refining systems as they develop.
- Commitment and resources from participating businesses are imperative regarding planning and implementing a sequence of training, mentoring and supervised work experience that is coordinated with school-based instruction.
- Employers have been reluctant to participate because of inadequate preparation of students for workplace assignments, the lack of assistance in preparing and implementing work-based learning, the costs of training and mentoring, the cost of wages, resistance on the part of management and incumbent employees, and the absence of incentives for involvement.

Editor's Note

For a provocative and useful analysis of youth issues, please see Gary Walker's speech in P/PV's newsletter for fall 1993, "Abandoning the Mechanic's Model: A New Direction for Youth Employment Policy." Walker's "developmental model" involves 1) developing the theory and discipline necessary to make difficult choices about which elements of youth programs should be implemented, 2) investing up front in developing the content to be delivered to youth once choices are made, 3) replicating successful elements and programs, 4) continually collecting evidence of effectiveness, and 5) working with the private sector to define appropriate roles for employers.

■■

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History of the Journal

Evaluation Forum was developed as part of a five-year national demonstration project, *The JTPA Evaluation Design Project,* funded between 1986 and 1991 by the National Commission for Employment Policy, the U.S. Department of Labor, the IBM Corporation and The Ford Foundation. The purpose of the project was to increase the interest, knowledge and sophistication of employment and training professionals at the state and local level regarding *program evaluation:* its scientific principles and methods, its practical applications in better understanding program implementation and impact, and its utility as a practical tool for adjusting policies and improving programs. The project's series of evaluation guides can be obtained through the ERIC system in public libraries, or in book form from the W. E. Upjohn Institute for Employment Research.

Evaluation Forum is a national journal growing out of the five-year project and developed specifically for state and local program practitioners in the employment and training field. Its major objective is to communicate information on policy issues and research activities at the national, state and local level which can inform judgments about the design and effectiveness of various employment and training policies and strategies. Eight theme-oriented issues of the journal were published as part of the demonstration project.

The New *Evaluation Forum*

The new *Evaluation Forum,* of which this is the fourth issue, is being sponsored and funded by the Office of Planning and Research, Employment and Training Administration, U.S. Department of Labor. Its purpose is to disseminate useful information on evaluation issues, activities and results to those responsible for administering, planning, managing and overseeing employment and training programs across the United States. Again, each issue of the journal is theme-oriented, and follows the same organizational format as in the past. However, each issue has featured reviews by the editor and guest reviewer rather than articles written by practitioners and researchers.

Reader Participation

The content of the new version of the journal will cover the same kinds of materials as in the past: commentaries, policy analyses; program reviews; reports on evaluation planning, reports on analyses of monitoring data; research reports on program evaluations or policy research; books and articles on policy issues, programs and research; and other materials related to evaluation that would be of interest to practitioners.

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